INDIAN SHIPPING

A Case Study Of The Working Of Imperialism

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PREFACE

THIS is not a book—it is a fragment of a book. I offer it in the hope that some day I will be privileged to shape this little arch into a perfect round.

The word Imperialism, used in the sub-title of this book, is used in the wider sense of the term: the twentieth century expression of imperial capitalism and all that the phenomenon conveys.

To a world in the death-grip of imperialist wars, an analysis of the working of imperialism cannot be without meaning.

Indian shipping was fortunate in getting Professor Radhakumud Mookerji as its historian. But his "History" practically ends with the break-up of the Mughal and the Maratha empires. The vicissitudes and struggles of Indian shipping in the past two centuries are as colourful and exciting as any of those chronicled by Professor Mookerji. Indeed, to us they are more interesting and significant. But they await their Boswell.

October 24, 1940. ASOKA MEHTA.

[Mr. Asoka Mehta had no opportunity to revise the manuscript. He was arrested and imprisoned, in the Satyagraha movement, before he could see the book through the press.]

I

India for centuries had been a sea-faring nation. Her ships sailed across the many seas. Her people colonised and civilised distant lands. We shall point only to a land-mark or two from the proud record of those achievements.

After Alexander's invasion of India, a large part of his vast army returned homewards from the Punjab via the Indus and the Persian Gulf. For the purpose of this famous voyage of Nearchus, Alexander's general, down the rivers and the Persian Gulf all the available boats were impressed and a stupendous fleet was formed numbering, according to the estimate of Ptolemy, nearly 2,000 vessels.

This river flotilla continued to expand during the succeeding centuries. In the reign of Akbar, according to the "Ain-e-Akbari," 40,000 vessels were engaged in the commerce of the Indus alone.

In oceanic traffic and ship-building, India was second to none. Marco Polo has paid tributes to Indian ship-building. The system of sheathing or multi-planking, eulogised by Marco Polo, was,

nearly 500 years later, recommended to the East India Company by Gabriel Snodgrass as a novelty, evidently invented by himself!

When Vasco da Gama first reached India he found some local seamen who knew more about navigation than he did. When he tried to impress them with his navigational instruments, they instantly produced their own, which he found to be similar but obviously superior.

Cessare Di Fedorici, a Venetian traveller, writing about 1565, stated that such was the abundance of materials for ship-building in India that the Sultan of Turkey found it cheaper to have his vessels built in Dacca than at Alexandria. And even as late as the Napoleonic Wars, Codrington, a British admiral, chose to go into action at Navarino in a flagship, **Asia**, that had come out of an Indian dockyard.

Indian ships continued to occupy an unequalled position down to the nineteenth century. In 1819, for instance, we get a revealing instance quoted by C. R. Low in his two—volume "History of the Indian Navy": "Of the strength and superiority of the Bombay built ships, an unimpeachable witness, the First Lieutenant of one of them, the **Salsette** frigate, bears testimony in his letter to the builder, Jamshedji Bomanji. In his letter he points out that the **Salsette** with five other war vessels and twelve merchantmen was beset by ice in the Baltic Sea—

the **Salsette** alone escaped shipwreck and saved all lives."

This reputation was maintained for a generation more. The colourful history of the **Tweed** is perhaps the swan-song of Indian shipping. One of the most famous ships in the Indian Ocean, she was a creation of the Wadias. She began her career as a steam frigate in the old East India Company's navy. She was one of the two frigates built in Bombay in 1852-54. As both ships were put into commission during the Crimean War and troops were badly needed to make good losses at Sebastopol, they began their lives as troop-carriers. This was in 1854. The following year both ships took active combatant part in the Persian War. No sooner was this Persian trouble ended, than the two ships were hurried back to take part in the Mutiny. In 1862 both ships were sent to England where it was intended to convert them from paddle to screw steamers. On their arrival in England the Government changed its mind, and they were sold out of service to John Wallis, one of the best known ship-owners of his time. Her hybrid character—sail-cum-steam—did not appeal to him, so he had her engines removed and her rig improved. With a new figure-head and named anew as "The Tweed" she went to the sea once more, this time as a cable-ship laying the first cable in the Persian Gulf. The cable laying finished, she was converted into a passenger-ship.

Her remarkable sailing qualities aroused such widespread attention that experts used to copy her sail plan and other details of her design. She earned immortal fame as a record-breaker during her career as a passenger-ship. Her end came in 1888, when she was dismantled in a gale off the Algoa Bay. Part of her timber was used in the fabric of a church which still stands at Port Elizabeth, South Africa. (1) *

These proud achievements belong to the past. Today scarcely two per cent. of our oceanic traffic is carried in Indian bottoms. In a few generations Indian shipping was swept off the seas. How and why?

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* The numeral references are to the bibliography at the end.

II

In attempting to explain the decline of Indian shipping, we are faced with an insurmountable difficulty. Few records exist. As Clements Markham has pointed out in his book: "Memoir on Indian Survey", the difficulties that stand in the way of compiling a reliable, connected history of the Indian Navy are of no common order, and chiefly through an act of vandalism, the destruction of the public records of the Indian Navy by the Government in the last quarter of the last century.

In 1601, four British ships: "Red Dragon" (600 tons), "Hector" (300), "Ascension" (200), and "Susan" (200), with a total complement of 480 men, set out for India. That was the beginning of the Indo-British relationships. A red dragon!

For a hundred and fifty years the British ships hardly ever got the better of the Indian vessels. From 1714 to 1749, for instance, Kanohjee Angria, Admiral of the Maratha fleet, and his sons, with their sixty vessels, (approx. 10,000 tons), gave a gallant fight to the East India Company's marine, often working in co-operation with the Dutch and the Portuguese fleets.

It was in the next hundred years that Indian shipping was destroyed. A complex of forces worked to that end.

The British trade with India came, almost from its inception, under the control of a corporate body with monopoly rights: the East India Company. Such trade naturally proved very profitable. The profits in the early days were as high as 230 per cent. The Company at first, chartered its ships, but later decided to build its own. This move became necessary due to the extraordinary rates charged by the ship-owners, who had taken advantage of the Company's prosperity to increase their charter rates. By 1621, the East India Company owned 10,000 tons of shipping and employed 2,500 seamen.

By 1653, the Company's trade was falling off and there even seemed a possibility of its total relinquishment in the near future. The Company's dockyard at Blackwell was, therefore, sold for £4350 in 1656. (2)

The threat to the ship-owners thus disappeared for the time. But they set about, with the return of prosperous times for the Company, preparing against the possibility of such a threat to their interests in the future.

Their first move was to enter into a strict alliance with each other. The Company had henceforward to deal with a so-

ciety or trade union, and could make no bargain with individuals. This deprived it of all advantage which might result from competition among the ship-owners. They further strengthened their position by getting the ship-builders on the Thames to join in league with them, and to agree not to build a ship for any person who would tender her to the Company at reduced freight.

Their second move was more daring. "It was to buy up India stock and so acquire votes as proprietors.... Thus there grew up what was known as the Shipping Interest in the Court of Proprietors of the East India Company. Including all connected with it, the Shipping Interest seems to have been able to muster as many as 350 votes (out of total 1824)... Such a block of votes was bound to be important, perhaps decisive, at elections. By supporting or opposing particular directors or candidates, according to their known views, the followers of the Shipping Interest acquired considerable influence in the Court of Directors. The more disinterested proprietors, who might outvote the shipping people on a question of policy, were not in any sense united nor yet as constantly present when elections took place. Hence there might even be a majority of directors pledged to support the Shipping Interest as against the interest of the 'Company'." (3)

"For the less scrupulous directors," writes Dr. Parkinson, "there was another form of cor-

ruption (than the sale of appointments), and one less liable to detection. This consisted in maintaining a secret connection with firms and individuals—and especially ship-owners—with whom the Company had business dealings. The relationship between the Court of Directors and the Shipping Interest was sometimes a great deal too close. It was this which made the Company appear blind to its own interests." (3) *

If the hold of the Shipping Interest could blind the directors to the interests of their Company, what is strange in the destruction, under their aegis, of the rival Indian shipping interest?

* As an owner or employer of shipping, the Company had a curious history. It began, in 1599, by buying ships second-hand; later it acquired a shipyard for the construction of its own vessels; still later it took to chartering private ships, to the great advantage of those Directors who were also ships-owners. An end was put to this scandal, after the settlement of 1708, by a bye-law which prohibited any Director from being concerned in ships hired by the Company, and throughout the eighteenth century tonnage was procured under a system which may be defined as life—charter of ships built specially for the Company's service, under supervision of its surveyors ....with the result that the provision of tonnage fell into the hands of a small hereditary ring known as 'The Marine Interest', who enjoyed all the advantages of monopolists in their dealings with the Company. In the absence of competition, freights were very high......When, in 1796 the system of hereditaty bottoms' was at last abolished, it cost the Company no less than £ 348,000 in compensation to commanders whose vested interests were thus extinguished."—C. Ernest Fayle : **A Short History of the World's Shipping Industry.**

The British Government fully supported the efforts of the British ship-owners to grow stronger and to keep off all competitors and to destroy rivals. "In shipping, as in other commercial interests, the efforts of individuals to make money for themselves were restrained or furthered by government regulations aiming to advance the English people as a whole. Every matter of commerce was at the same time a matter of politics." (4) And Dr. Cunningham has shown, in his classic work on the growth of English industry and commerce, that the Navigation Laws proved valuable accomplices in the destruction of Indian shipping.

A NOTE ON THE NAVIGATION LAWS

To understand the present position of British shipping it is necessary to go back three centuries. In the early days of the seventeenth century, Amsterdam was the great emporium of world trade and Dutch shipping was to be met with wherever a cargo was to be picked up. But the English, too, were pushing out into new countries and new trades—although at one time they were little better than pirates. The English ship-owner and sailor were beginning to compete for the carrying trade of the world. England also had obtained a footing in the New World, whence large and increasing quantities of raw materials were being exported. English possessions were increasing in wealth and population. English traders and politicians felt that if possible the Dutch must be prevented from encroaching upon this growing trade, at any rate with English possessions

where the trade had been established and developed by Englishmen.

The English Government, therefore, determined to try restrictive legislation, and to this end passed the first Navigation Act in 1646. It provided that no one in any of the ports of the Plantations of Virginia, Bermuda, Barbados, and other places in America shall suffer any goods manufactured or grown in the plantations to be carried to foreign ports except in English vessels.

English ship-owners, finding that this piece of legislation gave increased and more remunerative employment for their ship, asked for more restrictions. In 1650 a further Act was passed which prevented any foreign ship from trading with the American Colonies and in 1651 Cromwell's policy of total restrictions came into operation with the passing of his great Navigation Act. This Act provided that no goods or commodities produced or manufactured in Asia, Africa or America should be imported into England, Ireland or the American Colonies except in British built ships, owned by British subjects, and of which the Captain, and not less than seventy-five per cent of the crew, were British subjects.

The Dutch immediately realised that trading possibilities were being restricted, and as their representations to the English Government were ineffective war broke out. When Charles II was restored to the throne, Cormwell's shipping legislation was confirmed, and there was another war with Holland. The net result of the two wars was that, though the English suffered a lot of damage, Holland's shipping was also considerably

reduced, her fighting capacity was crippled. The final outcome of the contest was that Amsterdam yielded place to London and English shipping increased greatly on every sea.

In 1822-25 the Navigation Laws were a little relaxed. In the trade with Europe only pick-up traffic was prohibited. In the trade with Asia, Africa and America the long haul was still reserved for British ships as against foreign carriers. The inter-imperial trade was reserved to British shipping. The Navigation Acts were repealed only when iron was being substituted for wood and when steam was replacing sails. In the new material and the new power Great Britain at that time held the lead.

III

The English Shipping Interest could keep Indian ships out of British ports but by itself it could never have destroyed Indian Shipping in India. The European ship was no better than the Indian ship. The European-style ship built in India was a great deal better.*

In 1735, under Government patronage, ship-building was started in Bombay. Lowji Nuserwanji Wadia, specially brought over from Surat, was the first Master Builder of the Bombay Dockyard. His first handiwork was the schooner

* Cf: "The arrival in the port of London of Indian produce in Indian ships created a sensation among the monopolists, which could not have been exceeded if a hostile fleet had appeared in the Thames. The ship-builders of London took the lead in raising the cry of alarm; they declared that they were on the point of ruin, and that the families of all the ship-wrights in England were certain to be reduced to starvation."
—Taylor's History of India.

"Drake" which was put to sea in 1736. During the forty years' tenure of his Mastership, he built twenty ships for the East India Company and fourteen merchant vessels, mostly of 200 tons.

Lowji died in 1774. He was succeeded by his sons: Maneckji and Bomanji. Under their supervision thirty ships were built, including thirteen for the Company and some for the Government of Bengal. They were succeeded in 1790-92 by Framji and Jamshedji. It was the genius of Jamshedji that made the Bombay ships the envy of the world.

In 1800, "Cornwallis," a frigate of 1363 tons with 50 guns, was built. It was owing to the agitation in England against Indian ship-building and the taunts which were made about him as being a native that led Jamshedji to inscribe the words: "This ship is built by a d—d black fellow, A.D. 1800." on the keel of the "Cornwallis." The quality of Bombay built ships was so well established that the British Admiralty ordered the construction of other vessels in Bombay. Between 1810 and 1821 thirteen vessels were built for them of which five were with 74 guns, the largest being the "Ganges" of 2289 tons.

Jamshedji died in 1821, after serving in the docks for nearly fifty years. He was succeeded by his son Nowroji, who maintained the reputation of his family. "The steamers and sailing

ships constructed at Bombay were the most serviceable of any in the possession of the Company .. while the steamships built or purchased in England were generally a signal failure." (C. R. Low: op. cit.). In 1840, the first iron ship was constructed in Bombay—the "Planet" (397 tons). In 1838 Nowroji's son Jehangir went to England and spent three years there to acquaint himself with the new British methods of building iron steamships. In 1837, Dhanjibhai Wadia went to Calcutta and, as the Master Builder, organised the Kidderpore Dockyard.

Jamshedji Dhanjibhai was the last Master Builder from the Wadia family. The members of Lowji Wadia family occupied the post of Master Builder for over 150 years. They built 345 ships. The extinction of the East India Company and assumption of the Government of India by the British Crown entailed, among other changes, the abolition of the Indian Navy. That spelled the end of Indian ship-building, which, if it had received adequate encouragement from the Government, would have, beyond doubt, adjusted itself to changed conditions created by the supplanting of sail by steam and wood by iron.

By the turn of the eighteenth century, we find that Indians, though still influential, were being relegated to a junior position. In 1791, there were twenty-nine large ships trading from Bombay, nineteen of them of over 600

tons. The leading firms were Forbes & Co., Bruce Fawcett & Co., and Briscoe & Beaufort. The first of these firms owned four ships, including the "Lowjee Family" of 926 tons. The second firm had five ships and the rest were owned by Parsees. Two of the leading Indian firms, each owning two ships, were Ardeshir Dady and Nasserwanjee Maneckji.* The whole mercantile community of Bombay—interested in shipping, whether as owners, underwriters or merchants,—numbered about forty-five. Of them less than twenty were Europeans, the rest were Indians. And it is worthy of note that there were Parsee partners in European firms who had provided the bulk of the capital. †

Why were Indians losing ground in their country to Englishmen? How did the latter obtain an advantageous position? The answer is: The Battle of Plassey of 1757. After that the East India Company from being a commercial body became a political power.

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*Cf : "The ship-building industry was not completely lost until the appearance of iron-clad ships during the second quarter of the nineteenth century; it had certainly suffered a decline all through the the preceding century, but that decline was chiefly due to the fact that the carrying trade had been captured by foreigners—the Arabs and various European nations—as well as to a certain extent to the operations of the British Navigation Laws"—Dr. H. R. Soni : **Indian Industry and its Problems, Vol. I.**

† The first steamer to run between India and Egypt, from Bombay to Suez, a vessel named, **Hugh Lindsay**, was built at Bombay.

Six years after the victory of Plassey came the decisive defeat of France by Britain. "The Treaty of Paris (1762) marks one of the important dates of all history. England's triumph in America—which the War of Independence presently cut short—was much less far-reaching in its effects, however, than her seizure of India; for India was the gate to the Far East, and possession of India opened up a trade destined for a magnificent future." (6)

Political power was used by the East India Company and the British Government to cripple Indian industries and commerce, particularly the carrying trade, in the interest of British competitors. In British India, Import and Export duties on goods were in many cases twice as much when carried in other than British bottoms. The requirements qualifying ships to be classed as British were so artfully laid down that it was hardly possible for an Indian owned vessel although belonging to British Territory to be termed British for the purposes of these concessions. (7)

Section 20 of Act IV of George IV restricted the people of India from enjoying privileges as British seamen. Section 10 of Act III of William IV specifies that no goods shall be carried from one British possession in Africa, Asia and America to any other British possession except in a British ship; and Section 12 defines a British

ship as one having the Master and three-fourths of the crew, European British subjects.

In the year 1800, the Marquis of Wellesly, the then Governor-General, in response to popular demand in India, sought to obtain the admission of Indian ships and their cargoes into the ports of England. But the Court of Directors in their Despatch, dated 27th January 1801, opposed the employment of Indian ships in the trade between England and India.

There was a certain difficulty in the trade between Britain and India. "The whole difficulty of trading with India lay in the fact that England had so little to send out that India wanted—a few luxury articles for the Courts. Lead, copper, quicksilver, tin, coral, gold and ivory were the only commodities except silver that India would absorb. Therefore, it was mainly silver that was taken out." (8)

British policy at that time was determined by mercantilist ideas. The strength of a nation was determined by the possession of precious metals. Foreign trade and national economy were to be directed with the view to increasing the accumulation of gold and silver.

" Wealth itself was measured mainly in terms of gold and silver which, as Petty put it, 'are not perishable, nor so mutable as other commodities, but are Wealth at all times and all places',

and gave the necessary supplies of ready money for defraying the expenses of war. The object of commercial policy, therefore, was to secure an excess of exports over imports, thus creating a balance in your favour, which other countries would have to settle in hard cash.

"This was one great reason for devoting special attention to the encouragement of the carrying trade; for, in Petty's words:

> 'The Labour of Seamen, the Freight of Ships, is always of the nature of an Exported Commodity, the overplus whereof, above what is Imported, brings home money.'

There was an even stronger reason, however, for fostering the shipping industry. Not only did the ships earn freights which went to swell the 'favourable balance of trade'; the ships themselves were a part of the national strength." (9)

The chronic export of precious metal appeared to mercantile Britain as national suicide. The flow of silver to India had somehow to be stopped. The empty ships sailing out of the Thames had to be filled. But with what?

British manufactured goods were inferior to Indian goods. There was little demand in India for Britain's staple product: woollens. "For two centuries and more the problem remained unsolved....The turning point, after which the problem ceased to be a problem, was the year

1813"—with the export of **mill cloth** to India. Aptly has Gandhiji summed up the position: "The tragic history of the ruin of the national village industry of cotton manufacture in India is also the history of the ruin of Indian shipping. The rise of Lancashire on the ruin of the chief industry of India almost required the destruction of Indian shipping." (10)

But that would not have been possible without the victory of Plassey. In H. H. Wilson's oft-quoted words: "The mills of Paisley and Manchester would have been stopped at their outset, and could scarcely have been again set in motion even by the power of steam" if in the meantime Britain had not progressively gained political control over the Indian continent. (11).

Political control meant economic advantages. English merchants in those years made extravagant profits. The fortunes made in India were not dissipated as quickly as they were made. Large sums remained to be invested, at a high rate of interest, and these sums were added to as long as the investor remained in the country. There was, then, at Calcutta, and to a lesser extent at the other Presidencies, a mass of capital to be invested. How was it to be invested? Many of these investors preferred to trust firms, which, at any rate, took their names from the English, or more often from the Scotch, partners at their head. Hence there grew up a

European mercantile community, both at Calcutta and at Bombay. That at Madras was insignificant. "As far as one can judge the British businessmen brought to their affairs neither capital, energy nor ability. They were certainly not in a position to teach the natives anything about the business methods. They could introduce nothing novel in the way of banking, but they were white men and, therefore, able to inspire confidence of other white men, a confidence which they may or may not have deserved. With this advantage they were able at least partially to elbow the natives out of two particular types of business: ship-owning and insurance...

"The second factor in shipping and insurance is closely connected with the first. The shipping magnate who dined with the Chief Secretary to the Government had a great advantage over the shipping magnate who did not; that is to say, the European had a great advantage over the Indian. Matters such as convoy, naval protection, intervention with native powers, omitting to ask awkward questions and so forth—all these would arrange themselves over the dinner table. A native merchant could have little hope of success in applying at an office." (3)

Denis Kincaid in his absorbing study of "British Social Life in India 1608-1937" shows what extravagant fortunes were made by the British in India. Writing about Bombay he

observes: "Fortunes there were, of course, but these were chiefly in shipping and connected enterprises."

A complex of forces thus destroyed Indian shipping. Britain was a sea-power; shipping was its life-line. The British came to India as traders and remained as rulers, but in that magical metamorphosis they never relaxed their hold over the sea—the carrying trade had to become their monopoly.

Political control over India and the economic plunder that it permitted also resulted in revolutionary changes in Britain's technique of production. "Plassey was fought in 1757, and perhaps nothing has equalled the rapidity of change which followed. In 1760, the flying shuttle appeared, and coal began to replace wood in smelting. In 1764, Hargreaves invented the spinning jenny, in 1776, Crompton contrived the mule, in 1785, Cartwright patented the power loom, and, chief of all, in 1768 Watt matured the steam engine, the most perfect of all vents of centralised energy. But though these machines served as outlets for accelerating movement of the time, they did not cause that acceleration. In themselves inventions are passive, many of the most important having lain dormant for centuries, waiting for a sufficient store of force to set them working. That store must always take the shape of money, and money not hoarded, but in

motion. Before the influx of the Indian treasure, and the expansion of credit which followed, no force sufficient for the purpose existed; and had Watt lived fifty years earlier, he and his invention might have perished together. Possibly, since the world, no investment has ever yielded the profit reaped from the Indian plunder." (12).

This revolutionising of the technique of production affected ship-building also. In 1786, John Fitch produced a vessel whose steam-power moved twelve strong oars, six on one side of the boat and six on the other. Robert Foulten perfected the steam propelled ship in 1807-1814. Further improvements and inventions followed in quick succession :—1836 screw-propeller, 1840 iron hull, 1880 steel hull, 1895 Diesel engine, 1900 turbine or rotary steamer, 1903 electric motor vessel. Every invention added to the difficulties of ship-building and shipping of industrially backward India—held back by the selfish policy of an alien Government.

Thanks to the Navigation Laws of England in the eighteenth and the earlier part of the nineteenth centuries and thanks also to the interested policy pursued by the East India Company, Indian shipping was destroyed in proportion as India came under the political control of Britain.

IV

Let us briefly review the career of James Lyall Mackay, as it epitomises the recent history of shipping in India.

James Mackay was born in 1852 in a seaside village in Scotland. In 1874, he came to Calcutta as a junior clerk in Messrs. Mackinnon Mackenzie & Co., who then as now controlled the British India Steam Navigation Company.

Robert Mackenzie, the founder of the firm, began his career in a humble way in a small town up the Ganges. The general merchant's office which he opened prospered and grew and he was obliged to bring in a partner. The partner was William Mackinnon. The business spread from the Ganges to the sea-coast. In 1854, the East India Co. gave the firm the mail contract between Calcutta and Burma. In 1856, the Calcutta and Burma Steam Navigation Co. was formed. Its ships were used, at handsome profit to the Company, in quelling the Mutiny. The decay of the Turkish power opened up the Levant, the Red Sea and the Persian Gulf to British traders and to the ships of the Calcutta

and Burma Steam Navigation Co. It extended its service to the Malay States and the Straits Settlement. In 1862, after it had thus spread out, the Company was renamed the British India Steam Navigation Co. Its position in the Indian waters was established through a subsidy given by Sir Bartley Frere. Governor of Bombay (1862-67) to William Mackinnon. (12A). * In 1874 James Mackay joined their Calcutta Office. Within two years of his arrival in India he got the control of the Bombay Office of the Company. In 1878 he was made a partner of the controlling firm. Mackay and his Company were forging ahead crushing all competitors out of the way.

After the construction of the Suez Canal, Indo-British trade grew by leaps and bounds and with it improved the prosperity of the British India Steam Navigation Co., and the position of Mackay. From 1889 to 1893 he was the President of the Bengal Chamber of Commerce, that is, the leader of the European business community in India. In 1891 he was appointed the Sheriff of

* Under these difficulties and conditions the Indian Government naturally hesitated to make a mail contract which they had little reason to suppose could be carried out. Mackinnon and Mackenzie were determined that the mail contract was an essential to their new services, and at last mainly through the warm support given them by Sir Bartle Frere, one of the Supreme Council of the Government of India, they obtained their contract on all the new services...... The British India from the first made mails a basis of their business, without which it is doubtful if they could have won through" Boyd Cable : **A Hundred Year History of the P. & O.**

Calcutta. In 1891 he was nominated a member of the Viceroy's Legislative Council. Since then, with few exceptions, every succeeding senior partner of Mackinnon Mackenzie & Co., has been both President of the Chamber of Commerce in Calcutta and a member of the Indian Legislature. Mackay had set a precedent. Honours came to him in quick succession. He was given the C.I.E. in 1891. In 1894 he was knighted.

By the eighties the British India Steam Navigation Company had managed to eliminate, by various means, all rivals and to obtain virtual monopoly control over the coastal carrying trade of India. Mackay then turned his attention farther. In 1887, the Australian Steam Navigation Co., which traded along the Australian coast, was bought up by the British India and Queensland Agency Co.—the Australian subsidiary of Mackinon Mackenzie & Co. Later on, it acquired the goodwill and assets of the Queensland Steam Shipping Company. A new company—the Australian United Steam Navigation Co.—was formed with Sir James Mackay as its driving force. In 1899 Sir James spent some months in Australia. He succeeded in organising a pool of all shipping companies, in eliminating competition and in establishing a monopoly of Australasian shipping. In these arrangements his Company naturally got the best of them.

By the turn of the century Sir James was ready to extend his activities to other fields. In

1900 he was elected to the Boards of the East Indian Railway and the Chartered Bank of India, Australia and China. He had outgrown his colonial stature. Henceforth London was to be his headquarters. In 1897 he was appointed to the India Council. He remained a member of that body, thus retaining influential contact with Indian affairs, till 1911.

He continued to forge ahead in his chosen sphere of shipping. In 1903 he was elected President of the British Chamber of Shipping. In 1904 he was elected to the Board of the Suez Canal Co., with which he was to remain associated for thirty years.

In 1909 his name was seriously canvassed as successor to Lord Minto, the Viceroy of India. In 1911 he was raised to the peerage.

In 1916 in his manifold war duties, Lord Inchcape found time to bring off the greatest coup of his colourful career—the amalgamation of the British India Steam Navigation Company with the Peninsular and Oriental Steam Navigation Co. He thereby brought under his control a combined fleet of 2,000,000 tons and directed "a single traffic system which touched every conceivable port of the British Empire."

In 1917 he joined the Board of the Great Western Railway. He was then director in twenty-four shipping, railway, coal and transport companies.

From 1900 to 1920 Lord Inchcape was appointed a member, by the Government, of over thirty Committees.

He visited India in 1907-08 as the Chairman of the Railway Reorganisation Committee and again in 1922-23 as the Chairman of the Indian Retrenchment Committee. It was on the latter occasion that he contemptuously offered Sir Lallubhai Samaldas, who had gone to him to end the terriffic rate-war the British India Steam Navigation Company was then waging against the Scindia Steam Navigation Company, to buy up the Indian firm. No other attitude was possible for a man who had in his career annihilated over a score of Indian shipping companies and involved the country in the loss of crores of rupees.

He fulminated bitterly against Gandhi and the growing nationalist forces in India. "If I may say so," he wrote to the British Prime Minister, "we have pandered to native agitators in a way that has given them the idea that the more trouble they make, the more chance there is of getting rid of the British in India. . .Can you arrange for orders to be sent out that the Viceroy and his Government are to govern and that all attempts to destroy law and order in the country must be put down with a firm hand?" He evidently never outgrew the ways of a pukka sahib picked up in the lounge of the Yacht Club in Bombay.

In 1920, after the logic of capitalism, this doyen of ship-owners decided to enter the world of finance. He founded the P. & O. Banking Corporation and bought up the Allahabad Bank with thirty-four branches in India. In 1927 he consolidated his banking interests further by uniting the P. & O. Bank with the Chartered Bank of India, Australia and China.

It was in the fitness of things that Inchcape's office should have been in Leadenhall Street, heir to the East India Company. It was not for nothing that the Crown of Albania was offered to him ! (13)

V

Destruction of a hundred shipping companies involving a capital loss of over ten crores of rupees was the price paid by us for the glittering successes of Inchcape and the powerful shipping monopoly the British established in India. This destruction was, of course, not painlessly achieved.

Mr. H. H. McLeod, a director of many companies, has related a relevant incident : "In India I was in a sense one of his many competitors and I well remember how on one occasion I offered Lord Inchcape a quarter of a million tons of freight at a certain figure. He shook his head, 'I cannot accept the rate you offer. That way lies bankruptcy.' I threatened to build a ship if he refused the freight offered. He was adamant. The rival ship was duly built—one of Doxford's turret boats, but he promptly placed an order for two larger boats with Doxford's, the intention being to run the smaller boat off its leg." (13)

Such "finesse" was, however, reserved for friendly British rivals. Indian competitors were

fought with the gloves off and were destroyed by every means.

Some forty years back the P. & O. Company enjoyed practical monopoly of carriage of our Far Eastern trade and it used it to neglect our interests and to ignore the convenience of Indian exporters. † "It was this selfish and anti-Indian policy of the P. & O. Co. that brought into existence the Bombay|Japan Line" organised by Messrs. Tata & Sons.

The P. & O. Co. met this incipient Indian competition in three ways. The most obvious weapon was reduction in rates. "'For a while our reduced rate was Rs. 12 per ton of 40 c.ft., theirs was Rs. 1½ only! And as if this was not enough," bitterly commented Jamshetji N. Tata, "the P. & O. Co. had made, it is not difficult to guess with what object, the unusual offer of carrying cotton to Japan free of charge!" (14) The second weapon was to discredit, by spreading false rumours, the Bombay|Japan Line. "It is notorious how a misleading report to the effect that the steamer "Lindisfarne" run by the Tata Line was unseaworthy and was unsuitable for

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* Hon. Mr. Mackenzie, of Messrs. Macneill & Company, threatened Mr. Jogendra Nath Roy, of the East Bengal Steam Service, that unless the latter sold or made over the management of his company's business to Macneill & Co., Mr. Mackenzie was determined to crush it. Cf. Evidence Volume, Indian Mercantile Marine Committee Report.

† "It was the P. & O. Co. that ruined India's yarn trade".
—S. R. Bomanji. (15)

the carriage of cargo was circulated by interested parties, and when a protest was made by Messrs. Tata & Sons, the P. & O. Co., through their lawyers, apologised." (15) The third weapon was to reach an understanding with foreign companies to crush the Indian competitor. "It is well-known that in the case of Tata's shipping enterprise, the British shipping interests did not hesitate to make common cause with the foreign shipping interests in order to oust and annihilate an Indian shipping concern." (16)

The same tale can be told over and over again to explain the destruction of other Indian shipping enterprises. "The Bengal Steam Navigation Company was a purely Indian venture. The British India and the Asiatic companies were at that time trading with Rangoon, Akyab, Calcutta and Chittagong.... When the English companies found that an Indian company was brought into existence, they cut down the freight as well as their passenger fares to such a ridiculously low amount as 8 annas. Sometimes they would take passengers free. Sometimes they would give handkerchieves as presents to passengers in addition to their being carried free. Owing to this cut-throat competition our company had to be liquidated and our ships were sold to the British India for Rs. 600,000." (17)

It will not be inappropriate to quote here the experience amusingly related by Dr. Rabindranath Tagore in his "Reminiscences": "My

brother must have thought it was a great shame that our countrymen should have their tongues and pens going, but not a single line of steamers. ...On one side was the European Flotilla Company, on the other my brother Jyotirindra alone; and how tremendous waxed that battle of the mercantile fleets, the people of Khulna and Barisal may still remember. Under the stress of Competition steamer was added to steamer, loss piled on loss, while the income dwindled till it ceased to be worth while to print tickets. The golden age dawned on the steamer service between Khulna and Barisal. Not only were the passengers carried free of charge, but they were offered light refreshments gratis as well! Then was formed a band of volunteers who with flags and patriotic songs marched the passengers in procession to the Indian line of steamers. So while there was no want of passengers to carry, every other kind of want began to multiply apace."

To rate war were added the weapons of deferred rebate and discrimination. How real the means of rebate can be is seen from the following words of the late Mr. Narottam Morarji: "Last year the Company had the support of the timber merchants of Moulmein and of one big shipper of rice at Rangoon and consequently the Company's steamers were plying from Moulmein and Rangoon to Calcutta, Colombo and Bombay. The big shipper went over to the British India Steam Navigation Company in November last, as

he was threatened with the forfeiture of his rebates to the extent of about two lacs of rupees, if he were to continue his support to this Company." (Chairman's Annual speech to the Shareholders of the Scindia Steam Navigation Company, 1922.) Rebates amount to substantial sums as they are calculated at 16 to 17% on freights.

In his evidence before the Mercantile Marine Committee, on behalf of Bengal National Chamber of Commerce, Mr. Upendra Lal Roy Bahadur stated : " As far as I remember the secret of startng the Bengal Steam Navigation Company was due to the kicking out of a passenger from one of the regular (British) liners. When the complaint was brought to the notice of the authorities, it was not listened to and no notice was taken."

A further extract from his evidence is equally revealing.

" Q: Do you know that the crews employed in the East Bengal Steam Service are not taken on by the British companies ?

A: Yes.

Q: How do you account for it ?

A: It is on racial grounds.
I had a small steamer in which I used to carry passengers and cargoes from Chitagong to Rangamati. The Indian

> General and River Steam Navigation Company who never dreamt of sending a steamer there, as soon as they came to know that I had started a line, sent one of their small steamers which could go to that port and began competition with us. What happened was that we had to give way and stop our service. They also took away their steamer after we had stopped our service."

The most interesting instance is, however, of the Swadeshi Steam Navigation Company started to trade between Tuticorin and Colombo in 1907. The British India Steam Navigation Company met it with serious rate war and the Indian company lost its capital of Rs. 10,00,000, and had to go into liquidation. Some riots in Tuticorin were traced to the promoters of the Company—and they were charged with political bias in starting the company !—and V. O. Chidambaram Pillai, the chief of them, was condemned to a long term of imprisonment. Against the conquering figure of Inchcape, India had the crucified figure of Chidambaram Pillai.

It should be pointed out, parenthetically, that the chronic failure of the Indian companies, though mainly caused by uneconomic competition of the British companies, was also due to lack of experience on the part of the Indian promoters. The boats purchased by the Swadeshi

Steam Navigation Co., for instance, were "old which did not give good return for the money". (2) Cut-throat competition, however, gave small chance to Indian companies to get the necessary experience.

The effect of all this was to destroy Indian competition and build up the British monopoly.

This policy, however, is not peculiar to shipping; other industries also bear its impress. "The measures adopted by the foreign companies in India appear to be directed more towards killing the Indian industry than towards a fair competition in the Indian market. It was as far back as 1935 that Indian commercial bodies drew the attention of the Government of India to the unfair competition and price war waged by the foreign match concerns in India. The undercutting of prices has been such as would leave no margin of profit to the Indian manufacturers.. Moreover, several rebates and discounts are offered by the Western India Match Co. (Swedish) and the Calcutta Match Works (Japanese) to the dealers and vendors of matches, if they undertake not to sell matches manufactured by any other company.... The WIMCO offers prizes to match dealers, for instance, any person who buys 25 gross of the 'sea fisher' matches—one of the labels of the company—is deemed to have secured half a point and is awarded a silk 'chaddar'....The propaganda carried on by these foreign concerns by means of circulars, car-

toons, etc., is surprising. The Tariff Board on the Match Industry remarked in their Report: 'We have seen advertisements of the Swedish Match Company which in some cases explicitly, in others by implications condemn the products of all Indian match factories without reserve'.... This unfair competition which the Indian match manufacturers have to face has already resulted in about 25 or 30 Indian factories having been closed." (18) What a perfect similarity of patterns Substitute, for instance, glass for match—the pattern will still remain the same.

Anibal Jara, the Consul-General of Chile to the United States of America, recently pointed out in the columns of the "Living Age:" If Pan-Americanism were in reality a sentiment, Chilean boats would have free access to the Panama Canal, built by the United States as a vital part of their defence. Although it may seem a paradox the Panama Canal deviated our destiny and strangled our maritime impulses. Chile was once a sea-faring country. I do not know how many years must now elapse before we can come again in the position of fifty years ago." (19) Substitute India for Chile and Suez for Panama—and this becomes our case and indictment!

We have seen above how Indian Shipping was destroyed by British Shipping and also, as an illustration, how the United States' Shipping has destroyed its Chilean rival. We have also

seen how in the match industry Japanese and Swedish Trusts have crushed Indian competitors. Annihilation of colonial competition by imperial trusts is a phenomenon characteristic of capitalism.

A NOTE ON THE TATA LINE

The Swadeshi Mills of the Tatas had been reconstructed to spin finer yarn for the eastern markets, but excessive costs of transport proved a bar to the expansion of the yarn trade. Mr. J. N. Tata had long been disturbed by the high freightage charged by the steamship companies for the carriage of cotton goods and yarn. He was anxious to have Indian carriers to the Far East, for the cost of carriage, due to lack of competiton, made considerable inroads upon the profits of the Indian mills. He was also well aware of the advantages of the invisible export of a carrying trade.

Mr. Tata had an extensive business in Shanghai, Hongkong and Kobe. But he and other Indian firms with business houses in China were undersold by some Jewish firms who, by secret agreements, had obtained large rebates on freightage from the P. & O. Company.

Mr. Tata had fought the high rates charged by the P. & O. line, particularly on yarn, with the help of the Rubbatino Company, an Italian Line, and later with the Austrian Lloyd. But as

the export of yarn to China and Japan increased in volume, the P. & O. Co., through the British Government's influence with the Italian and Austrian Governments, got the two Lines on its side, formed a ring and raised the charges to the exhorbitant height of Rs. 19 per cubic ton.

In 1893 Mr. Tata decided to organise a Line of his own and to that end entered into certain arrangements with the Japanese Line, the Nipon Yusen Kaisha, and then proceeded to London to arrange for ships. "I suggest that it be called the Tata Line", he wrote to his sons, "so that it may serve as an incentive to our family to make it a permanent one, as far as it may be in our power." He chartered two English and two Japanese vessels, and they began monthly sailings between India|China|Japan. Against the P. & O.'s freight of Rs. 19 per 40 cubic ft., the Indian Line charged Rs. 12. The P. & O. group in reply brought down the rate to Rs. 1½ and carried cotton to Japan free of charge! The P. & O. Company had lowered the rates just to kill the infant Line and then to raise the freight again "as high as before, or higher, by way of punishing temporary deserters to the rival line."

Mr. Tata protested against the unremunerative rates and the ruinous rebates of his rivals to the Secretary of State for India. "Our new steamship service", he wrote, "is a distinct effort in the direction desired by the Government of

this country. But the P. & O. Co. is trying to stifle it at birth. With scores of liners, English and foreign, plying in these waters, which our petted and much glorified Anglo-Indian Company can afford, and perhaps finds it a good policy to tolerate, it is only jealous of a small enterprise like ours, and while it can lovingly take foreigners and possible future enemies of England to its bosom, it discards the poor Indian for whose special benefit it professes to have come to India, and from whose pocket it draws the greater part of its subsidy." (14)

But his appeal fell on deaf ears. Within a year the experiment failed—the ships of the Tata Line were blown off the seas by the blast of the P. &. O. Company's competition. (21)

VI

Three British shipping companies are engaged in the coastal trade of India. They are: the British India Steam Navigation Company, the Asiatic Steam Navigation Company and the Mogul Line. They are, however, not independent companies but are closely interlinked. The Mogul Line is almost completely controlled by the Asiatic, 85 per cent. of which, in its turn, is under the control of the British India. So close is the ring.

Messrs. Mackinnon Mackenzie & Co., the Managing Agents of the B.I.S.N. Co., have interests in other industrial fields besides their shipping monopoly. They control two big jute mills in Calcutta, important cotton mils in Madras and Bangalore (the Binny group) and are influentially interested, as noted above, in the Allahabad Bank. Messrs. Mackinnon Mackenzie & Co. (of the B.I.S.N.) and Messrs. Turner, Morrison & Co. (of the Mogul Line) control two of the largest engineering establishments (The Mazgoan Dock and Alcock and Ashdown Co. respectively) of Bombay.

British shipping interests worked in concert with other British interests in India "to hamper

the growth of Indian industrial and commercial activities." Mr. S. N. Bandoo complained that a certain European auditor could not take up the audit of his company's accounts because pressure was put upon him by his countrymen against it, and that European banks would not deal with Indian shipping firms like his. (22) British insurance companies generally discriminate against Indian owned vessels.

British shipping in India supported other British interests, and they, in return, gave every aid to the former. The jute mills gave advance of 90 per cent. on shipping documents only on goods shipped by British owned vessels. Even Indian jute mills found it difficult to patronise Indian shipping as there was a risk of losing space in British owned vessels.

The late Mr. Lalji Naranji once pointed out that the British shipping companies would not allow his firm, a firm established for nearly eighty years on the Cochin coast, to trade in cocoanut oil with the Continent. "They always favour European firms on the Madras coast", he concluded. The European shippers get concession rates. "For Colombo, Rangoon, etc., ports, the rates are Rs. 14 or Rs. 15 for certain commodities and for the same if they are required for European managed concerns the rate is Rs. 9, Rs. 10 or Rs. 12." (17) Thanks to such arrangements our trade with Europe passed into the hands of non-Indian shippers. European houses like Ralli

Bros and Volkarts have grown and prospered; Indian firms have been driven out of this important and profitable field.

Close relationships also exist between shipping and railway companies. " Some railways in India grant low or preferential rates on condition that the goods are shipped by a particular non-Indian line of steamers—no doubt an effect of racial affinity between the managers of the railways and the steamship lines." (23)

There was a good deal of traffic between the port of Tirumalavassal near Shiyali in Tanjore district and Colombo and other places. For a long time even sailing vessels took cargo from Tirumalavasal. The B.I.S.N. steamers also took cargo from there. Later the British India Steam Navigation, Co. entered into a contract with the South Indian Railway, whereby all the cargo had to be sent from Shiyali to Tuticorin by railway. The B.I.S.N. Co. got its share of the bargain by taking the cargo from Tuticorin to Colombo in their vessels. On account of mail subsidies, the British India had been running their steamers practically every day between Tuticorin and Colombo, this arrangement brought additional income to them. So they arranged to close down the port of Tirumalavasal. This is no isolated incident. The Port Commissioner of Chittagong, for instance, reported to the Royal Commission on Shipping Rings: "The Calcutta firms have been try-

ing to organise in a concert with the Liners companies, the Hansa Line and other responsible steamship owners, for the stoppage of direct trade between this port and the United Kingdom so as capture the ocean trade of Eastern Bengal and not to allow Chittagong to rise in status over that of a coasting port."

On account of the concentration of trade and trafic in the major ports, Indian shippers at the smaller ports are greatly handicapped. The Government, instead of restraining, have encouraged this concentration. Of 45 to 50 crores of rupees invested in Indian ports, Bombay and Calcutta account for 38 crores, Karachi and Rangoon for seven. This concentration of trade and trafic in four major ports has really meant the passing of the greater part of trade and traffic into the hands of European firms. India has a vast sea-board with a number of ports that can be suitably developed to serve the country's economy. But such development has been neglected to profit the railways and to further the British Interests.

VII

What is the position of Indian shipping today? India has a coast-line of about 4500 miles. About 70,00,000 tons of rice, timber, coal, salt, oils and other cargo are carried annually in the coastal trade of India. Over 15,00,000 passengers are carried on the West coast of India and 5,00,000 are carried between India and Burma. The overseas trafic is of 2,50,00,000 tons of cargo and about 2,00,000 passengers per year. The value of the overseas trade comes to Rs. 400,00,00,000. The Indian mercantile marine, however, does not carry even 5% of this traffic.

According to the latest available figures, the maritime trade of England is of £1,354,000,000, and that of India £241,000,000. British merchant shipping is 18,000,000 tons, Indian shipping is 1,31,748 tons. It, therefore, follows that while the trade of England is about 5½ times as large as that of India, the tonnage of England is over 136 times the tonnage of India. As a sea-power, the world's leading carrier, England posseses a far larger mercantile marine than her own needs require; India, per contra, possesses a much smaller one than what her needs demand. A larger fleet means larger invisible imports.

The Royal Dutch Shell Company possess oil tankers that exceed in tonnage the total tonnage of Indian shipping. The Standard Oil has 863,000 tons and the tanker tonnage of the Anglo-Iranian Company is over a million! (24) Single companies have larger tonnage than a nation of 40 crores!

This insignificant position of Indian shipping is due not to want of enterprise in the people of the country. Over a hundred shipping companies were started and most of them died, not primarily because of inefficiency of the promoters but, in the words of Sir Alfred Watson, "Indian company after Indian company which endeavoured to develop a coastal service has been financially shattered by the heavy combination of British interests." (25) It is interesting to note that in East Africa, in the absence of such interests, an Indian firm established a shipping monopoly not only on the coast of British East Africa but extending up to Somaliland.

Only one Indian shipping Company of some importance has survived the attacks of the vested interests and has gained admission into the Conference. It is the Scindia Steam Navigation Company, which today represents 90 per cent of Indian shipping.

The Scindia Steam Navigation Company was formed, with a capital of Rs. 4,00,00,000, in 1919 to take advantage of the post-war shipping boom.

It was sponsored by the late Mr. Narottam Morarji, a leading businessman of Bombay. He was a man of pioneering instincts, with vision, skill and audacity to embark on adventurous projects. He had then also the resources needed. The House of Morarji Gokuldas, whose scion he was, had wide and valuable business contacts all over the country. He had administrative experience and possessed the quality of leadership, of assessing, capacities of men and evoking, from them a full response. The Scindia Company, it is noteworthy, has been managed by Indians almost from the start. With Mr. Morarji was associated Sir (then Mr.) Lallubhai Samaldas who was a rare combination of a statesman and businessman. Well-versed in the art of government, he shared Mr. Morarji's vision of and enthusiasm for economic swaraj for India. His venerable and picturesque personality long dominated our **swadeshi** movement. He was connected with the leading business houses of Bombay, such as, the Tatas, Killick Nixons, etc. He was a director in textile, engineering, iron & steel, cement, building, steamship, railways, banks and insurance companies. The combined capital of these concerns ran into crores. It was such men, of imagination, grit, patriotism and sound business sense that were responsible for floating the new Company. They, however, had little direct experience of running shipping lines. But they had the business sense

to avoid the common mistake of launching a shipping company with limited capital resources.

Its first steamer, S.S. "Loyalty", purchased for Rs. 35,00,000, was put in service between Bombay and the United Kingdom. "Had not the hostile forces at that time led to the unusual detention of the ship for over six months in London for its survey which could have been normally completed in three weeks, it would have made sufficient profits to cover the largest portion of its original cost." (26). Its purchase was a mistake but the infant company was learning from such mistakes, costly though they were.

The company, next, decided to purchase six Frank boats of the Palace Shipping Company for £1,000,000 and paid £100,000 as earnest money. Not only the change of the registry of the ships from Great Britain to India was refused but the transfer of their ownership from a London company to an Indian company was objected to. It was after a year that the transfer was ultimately sanctioned. The ships, though classed 100 A1 by Lloyds in London, were treated by the insurance companies as second class risks. The port and custom authorities grudged to provide them the least facility. By the time the Company had cut through these entanglements, the boom in shipping had passed and depression had set in!

In the coastal trade the company met with serious competition from the established British

lines. Rates tumbled down and the reins of rebate were tightened. The company survived by combining trading with shipping. Three hundred years back the East India Company had to combine shipping with trade—the wheel of history had taken a turn !

In 1921 the Company requested the Government to give it an opportunity to quote for the carriage of 12,00,000 tons of coal from Calcutta to Rangoon. "Even the opportunity for tendering for the business was denied to us in defiance of promises from the proper official authority and the contract was made elsewhere for ten years at rates which the Government did not think it proper to disclose in the interests of the public." (27).

The Government's policy continued. So did the ruinous rate-war, depleting the resources of the Company. When Sir Lallubhai Samaldas raised the question of the rate-war with Sir Arthur Froom, one of the Bombay partners of the P. & O. Company, the latter dismissed it with the remark : "There is nothing unusual in this" ! Lord Inchape offered the company his usual choice : either sell out to him or go on the rocks.

With courage and skill the Company refused to be impaled on the horns of the Inchape dilemma. In 1923, when the Company had shown its staying power and the strength of its resources by losing in the freight war nearly Rs. 20,00,000, an agree-

ment was concluded with the established lines. The Scindia Company was admitted to the Conference and its position recognised in the coastal trade but it had to withdraw from the oversea trade, in which it had till then berthed some fifty sailings. The British India, under the agreement, was to act as the agent of the Scindia Company at Calcutta, Colombo, etc.! The pace of the Company's expansion even in the coastal trade was laid down in the agreement. The signing of this " slavery bond ", as Mr. Walchand Hirachand later characterised it, was necessary to save the Company.

The company extended its services, adding the necessary chartered tonnage to its own ships. With this expansion, with growing support of shippers and with the awakening of national shipping consciousness among the people, the company decided to build new ships. It wanted to build six ships but its resources were limited. It therefore sought the help of the Trade Facilities Act of Great Britain. "I regret to say that although the Trade Facilities Committee could see their way to help foreigners to build steamers in England, the treasury had no money (though help exceeding £20,000,000 had been given to other companies) to give to the Indian Company for the purpose of building steamers which would have given employment to people in the English shipbuilding yards." (28). The company could build only three ships.

In the next few years public interest in Indian shipping was keenly roused and the Scindia Company became the centre of a great controversy waged both in the legislature and outside.

In 1928 after the death of Mr. Narottam Morarji, at the helm of the company came Mr. Walchand Hirachand. He was a provincial who had made good in the metropolis. To the business acumen that flowed in him with his Gujarati blood he added the perseverence, grit and wilyness of Maharastra, the province of his birth. He likes to be masterful and in shipping he found an adequate expression.

As the period of agreement with the British India neared its end, a subterranean rate-war broke out again. It continued from 1929 to 1933. The freights tumbled down. A fresh agreement was finally negotiated in 1933. Some of the more humiliating clauses of the earlier agreement disappeared and the Scindia Company got a footing in the passenger traffic. The entry of Japanese shipping in the Indian coastal trade compelled the Conference to reduce the basic rate from Rs. 10-8 to Rs. 7-4 (with rebate of Rs. 2 per ton.)

In 1933 the Scindia Company started its first passenger service—between Rangoon and the Coromandel coast. It obtained control over the Bengal Burma Steam Navigation Company to consolidate its share in the trade of the Bay of Bengal. It also got then its first mail contract.

In 1934 a fresh bout of rate-war was started by the withdrawal of the Asiatic Company from the Conference. It ended when the British India Steam Navigation Company increased its holding in the Asiatic and reduced the later to the position of a subsidiary company.

In 1937 the Scindia Company further strengthened its position in Indian shipping by obtaining control over the Indian Co-operative Navigation & Trading Company and the Ratnagar Steam Navigation Company.

The Mogul Line has a monopoly of the Haj traffic. Its management left great room for improvement. Over 200 questions were asked about it in the Indian Legislative Assembly. Port Haj Committees invited the Scindia Company to participate in the service. The Scindia Company started the service with two specially built ships. The Mogul Line, in reply, brought down the rate from Rs. 172 to Rs. 20. The Commerce Member finally intervened and fixed the rate at Rs. 115 for the season. To give "our Muslim countrymen practical share in the capital and direction of the Haj traffic", a new company, the Haj Lines, Ltd., was formed by the Scindia Co. The Mogul Line, thereupon in its turn, made an agreement with the Muslim League. It agreed to pass a part of its shares (upto Rs. 15,00,000 out of Rs. 64,00,000) to Muslim share-holders, to elect Muslim directors and to employ Muslims! In 1939 the Government apportioned 25% of the Haj traffic to the

Scindia Company in lieu of 33½% demanded by it. The Scindia Company in protest withdrew from the service.

The acquision of the two Konkan lines, mentioned above, involved the Scindia Company in a rate-war with the long established Bombay Steam Navigation Company. The latter threatened, in retaliation, to enter the Burma|India trade—the life line of the Scindia Company. The conflict ended with the passing of the control of Bombay Steam into the hands of the Scindia Company.

The tripartite agreement was to expire in 1939. The Scindia Company had asked the British India and the Asiatic for 50-50 share both in the cargo and passenger traffic in the coastal trade of India. With the declaration of war, Indian shipping, however, entered a new phase.

Today the share of the Scindia Company in the coastal traffic of the country is over 20 per cent. It has also come forward with the proposal of an Indian ship—repairing and ship-building yard. The Company, after its vicissitudes, has now come to stay and to expand. It today represents 91% of Indian shipping.

VIII

Indian seamen distinguished themselves by their bravery in the war of 1914-18. 3427 of them lost their lives as a result of enemy action and 1200 were imprisoned in enemy countries. "The lascar's sobriety and his calm demeanour in emergency and philosophic endurance of catastrophy were beyond all praise." (Lord Inchape).

The political and economic awakening in India during the war years and immediately after them made the people conscious of their complete dependence on foreign shipping and made them anxious to develop an Indian merchantile marine. The success of the Scindia Steam Navigation Company helped to crystallise that feeling. It was voiced with growing clarity and firmness in the newly organised Central Legislature.

In pursuance of a Resolution moved by Sir P. S. Sivaswamy Iyer in the Legislative Assembly and adopted by it on 12th January, 1922, the Government of India on 3rd February, 1923 appointed the Indian Mercantile Marine Committee with Mr. Headlam, the Director of the Royal Indian Marine, as the Chairman and the

Consulting Naval Architect to the India Office, a representative of British shipping interests, two representatives of Indian shipping interests and a member of the Legislative Assembly as its members. The Committee reported in March 1924. Its report was unanimous except for an important dissenting minute from the representative of the British interests.

The Committee recommended maintenance by the Government of a Training Ship for nautical training of Indian youths. They further recommended compulsory employment of Indians, so trained, as officers by the companies engaged in our coastal trade. A far-reaching scheme for Indianising the coastal marine in a period of 25 years was also suggested by the Committee. Ship-building was to be revived and encouraged by payment of suitable bounty by the Government.

This Report, if implemented, would have gone a long way in resuscitating Indian shipping. The public however had grave doubts about the recommendations being implemented. "The simple appointment of a committee will never satisfy the Indian public. It always happens that when the recommendations of a committee do not suit the Government no action is taken to enforce such recommendations." Events proved Mr. Lalji Naranji's pessimism to be justified.

The Government took nearly two years to study the various implications of the Report. In

1926 the Commerce Member under-scored and emphasised every point of the dissenting minute of Sir Arthur Froom. The Commerce Member went further and characterise the Committee's scheme for the progressive Indianisation of our coastal marine as savouring of expropriation and flag-discrimination. He played on provincial jealousies by saying: "As the principal Indian shipping company has its headquarters in Bombay, the monies of Burma, Bengal and other provinces would be drained into Bombay." With such a speech Sir Charles Innes, the then Commerce Member, disposed of the Report of the Mercantile Marine Committee. Leadenhall Street fared better than it had ever hoped.

The Training Ship was not set up till 1927. "Unless the Government of India make it obligatory by statute, as recommended by the Mercantile Marine Committee in their report, on the ships plying on the coast to recruit at least 50 per cent of their officers from those who obtain the necessary certificate of competency after undergoing training on the Training Ship, I feel certain that the proposed Training Ship will defeat its own object." These words of Mr. Narottam Morarji proved prophetic. The British companies have employed less than 25 of the "Dufferin" cadets. The P. & O. Company has employed four as against forty employed by the Scindia Steam Navigation Company! Sir Muhammad Zafrullah Khan, Commerce Member, admitted in 1936 that

"it is correct that a large number of ex-Dufferin cadets have not found employment" and that "it might, to some extent, have discouraged youngsters from taking up that career." Instead of taking steps to remedy this situation, the Prospectus of the Cadet Ship was suitably altered. The provision: "The following shipping companies have agreed to accept as apprentices, youths who have completed the course of the Training Ship, and the Government of India consider that the apprentices who gave satisfaction should be able to obtain employment on the ships belonging to these and other companies," was altered to read as follows: "The Government of India have arranged with the principal shipping companies operating on the coasts of India to grant facilities to Dufferin cadets to proceed to sea **"as vacancies occur**...." Engagement of apprentices and the employment of officers in after life is, however, dependent on many factors, such as conditions of trade, number of vacancies and **"the rules and regulations of each individual company"**." Comment is needless.

To the question put to a representative of the British India Co.: "How can you say that Indians will not take to sea unless you give them a chance?" the characteristic reply was given: "We cannot afford to make an experiment." About forty years ago an experiment, however, was made. Officers of the British India Co. went on strike and there were about four or five

steamers lying idle in Nagapatam, Madras and other places. The Company was able to secure the services of some Mohamedan officers who took the vessels to their respective destinations, which included Rangoon.

While the Cadet Ship idea was thus emasculated, every solicitude was shown towards British shipping. Rs.15,00,000 continued to be paid, without any condition to the P. & O. and the B.I.S.N. Companies, for mail contracts. It may be added here that this subsidy is still being paid. In 1934, the Government issued a circular requesting officers entitled to Lee Commission passages, to travel by Empire ships—thus assuring to the British Lines an annual bounty of Rs. 55,00,000 from the Indian tax payers' money. In 1935, the Government of India addressed a circular to all Provincial Governments directing them to ask Municipalities and other Local Bodies to import their goods and materials by Empire vessels. But the same Government could not ask the shipping companies to employ the Dufferin cadets !

The Government accepted the Training Ship idea and then caricatured it. As for the other two recommendations of the Committee they stoutly resisted both the licensing of ships engaged in the coastal trade with a view to Indianising them, and the encouarging, with bounties etc., of ship-building in the country.

What the Government refused to do had then to be attempted by unofficial and private efforts. Before ship-building can be undertaken, there must be an Indian marine. So, Mr. K. C. Neogy and later Mr. S. N. Haji (in 1928) introduced in the Legislative Assembly Bills to reserve the coastal traffic of India to Indian vessels. Mr. Haji's Bill sought to transfer, in five years, the controlling interests in the tonnage engaged in the coastal trade to Indians. It was, as Mahatma Gandhi pointed out, "a very moderate effort. Sj. Haji might justly have gone further than he has." (10)

A Homeric battle was waged between the Government and the British interests on the one side and Indian nationalist opinion on the other around Mr. Haji's Bill. The Government spokesmen trotted out the arguments used by Sir Charles Innes in 1926 and added to them some new ones equally far-fetched, such as: "This Bill, if passed, will have an unfavourable reaction upon the position of Indians in the British Colonies, where they are fighting for equality of status." Sir George Rainey summed up the Government of India's point of view in the following peroration: "We urge that the proposition is economically unsound and is not in the interests of India. We urge that it is likely to be ineffective owing to the existence of a number of non-British ports on the coast of India. We urge that it is unjust to Burma. And

finally—and this with me is the most vital argument—the Bill is open in principle as involving both expropriation and racial discrimination, and we apprehend that the latter feature will have most unfortunate repercussions in South Africa and other British Dominions ". Such was the Government's reply to the able Report of the Headlam Committee.

It is needless to recapitulate now the arguments advanced by Pandit Motilal Nehru, Lala Lajpat Rai and others to demolish the Government's case and to place the Indian case in an unassailable position. The principle underlying Mr. Haji's Bill for the Reservation of Coastal Traffic to Indian Vessels was accepted by the Legislative Assembly by 71 votes to 46—a record majority of 25. This was on 28th September 1928.*

The report of the Select Committee to which the Bill was referred was due in September 1929. But it was postponed for a time to enable the Government to try out once again the policy of " negotiation, co-operation and goodwill ". Lord Irwin, the then Viceroy of India, in pursuance

* "It was in these years that Congress secured the influential support of Indian business men who added a tone of definite hostility to British trade, the most outstanding example of which was Mr. S. N. Haji's Bill to reserve the coastal traffic of India to Indian vessels."

History of Bombay Chamber of Commerce 1836-1936.
—Raymond J. Sullivan.

of that policy called a Shipping Conference in January 1930. "This Shipping Conference was a complete failure because the vested British shipping interests adopted an attitude of practical non-co-operation from the very start and refused even to discuss the questions raised by Lord Irwin for promoting the cause of Indian shipping". (26). They were more of " listeners " than " participants " in the Conference.

This clever move of the Government saved the British shipping interests from the most determined and powerful attack levelled at them. In 1930 the Congress members withdrew from the Assembly and with their exit the bottom was knocked out of the Bill. For the next four years, in the midst of political struggle and controversies this question was naturally pushed into the background. When normal times returned the British interests had made their position impregnable.

The Government of India Act (1935) framed after the controversy on the Haji Bills takes away the power from the Indian Legislature of fostering Indian shipping. What could be essayed in 1928, could not have been undertaken in 1936. The reason is Section 115 of the Act, which provides: "No ship registered in the United Kingdom shall be subjected by or under any Federal or Provincial law to any treatment affecting either the ship herself or her master, officers, crew, passengers or cargo which is discriminatory in favour of ships registered in British India." The

section stood foursquare to guard the British shipping interests against any move from Indian shipping.

It is interesting to note the contrast in which the Section 115 stands to the British Commonwealth Merchant Shipping Act (1931) according to which the Dominions can not only impose custom tariff duties on ships built outside their territories but they can give financial assistance to ships registered in their territory to the exclusion of ships registered outside but trading in their waters. The Government of India Act (1935) that was to confer "Dominion Status in action" on India betrays its true colours, among other sections, in Section 115. What an epitaph on the recommendations of the Headlam Committee! It laboured in vain.

The Government's policy of making promises and then forgetting them continued. On 21st September 1937 Sir Sultan Ahmed, Officiating Commerce Member, observed in the Legislative Assembly: "The needs of Indian shipping were borne in mind by the Government of India during the Indo-Japanese Trade negotiations and are being borne in mind during the present Indo-British Trade negotiations". He added "so far as the present negotiations are concerned, i.e., the Indo-British trade negotiations, the point is before our Delegate, Sir Muhammad Zafrullah Khan". But on 15th August 1938 Sir Muhammad Zafrullah Khan observed: "The negatiations between the

Government of India and His Majesty's Government in the United Kinggdom are limited in scope to a discussion of tariff preferences and other agreements for the expansion of commodity trade between the two countries"!

In 1939, the European war broke out. It was believed that at least the war needs of the Government would make them abandon their peace time policy of indifference towards Indian shipping and favouring British shipping. But events have belied such hopes.

Soon after the declaration of war ships began to be empanelled for active service. Ordinances were also issued fixing the freights and fares. But, strangely, these mostly applied to Indian shipping. This policy of the Government of India in empanelling a large number of ships of the very small Indian mercantile marine for the purpose of the war is in singular contrast with the solicitude which has been shown in enabling the British companies to carry their quota of the coastal trade of India. The two Notifications of September 1940 control the movements of ships on the Indian Register and deprive them of the freedom to fix fares and freight-rates as they chose. The Notifications, it is pertinent to note, do not apply to ships on the British Register nor to ships on the Indian Register owned by Britishers. These ships are free to go where they like and quote such rates as they

please. (29). This is indeed discrimination with a vengeance. There is no Section 115 for the protection of Indian shipping!

Ship-building in India still awaits encouragement from the Government. The question was first raised by the Scindia Company in 1937 when it approached the Government to give it a site for a ship-yard at Calcutta. Calcutta admirably suited its purpose with coal, iron, skilled labour, dry docks etc. within its easy reach. But the Port Commissioners were not anxious to have the ship-yard there, and the Company has now (1940) been offered a site at Vizagapatam. The Governments in India and Britain, even after the outbreak of war, continue to be unhelpful. The Company is faced with many difficulties in getting machinery. *

Canada has a £11,000,000 ship-building programme on hand and eighty ships are being built in sixteen ship-yards of the Dominion.

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* "Your directors would, however, like to point out to you that they have been experiencing serious and unusual difficulties in obtaining steel from India or other countries and machinery and technical personnel from the United Kingdom or from other sources for their project and are constrained to record their sense of deep disappointment at the attitude displayed by His Majesty's Government in this matter, since they, in spite of your directors' assurance conveyed through the Government of India that the ships to be built in this yard in case permission was granted for the bodily transfer of a ship-building yard from England to India, will be placed at the disposal of His Majesty's Government on reasonable terms, during the period of war, do not consider your directors' project as helpful for the purpose of the war"—Directors' Report of the Scindia Steam Navigation Company, 1940.

Admiral Fitzherbert, the Flag Officer Commanding the Royal Indian Navy, in a recent broadcast talk referred to the vital need of a ship-building industry for the adequate defence of India. But the Government remain unresponsive.

The British Government, however, had no objection to offering financial assistance to the Turkish Government in their scheme to establish a ship-yard costing £2,000,000 whose construction was entrusted to a British firm. After all Turkey is an ally, India is only a vassal.

A NOTE ON INDIAN MARITIME LABOUR

Few Indian ships may be on the high seas today but in regard to the number of seamen, India occupies the fourth place in the world. Her 60,000 seamen man British and foreign ships. The total number of Indian seamen, employed and unemployed, is almost equal to the total number of British, German and French sailors on ships.

But the condition of the **lascars—in** wages, hours of work, terms of employment—is most deplorable. Because of severe unemployment among them, their condition has remained depressed from one war to the other.

Indian seamen are discriminated against in every way in Indian ports and in the Government's Regulations. "That the Indian seamen should not be looked after half so well as foreign seamen is a scandal.. The

British shipping companies have obtained constitutional safeguards for their protection against discrimination to their disadvantage. There is some moral responsibility on them to help in removal of the discrimination against Indian seamen whom they employ, not out of charitable motives but for profit". (N. M. Joshi) The British companies have preferred to depress the standard of life of the lascars.

Both in matters of recruitment and discipline the prevalent practice is antiquated and weighted against the workers. The existing system of recruitment encourages bribery and fosters favouritism. The discipline rules can result in condemning a seaman, on signing up for work, to virtual slavery. In other maritime countries progressive reforms in these fields have been carried out. But they have not yet shaken the Government of India out of their indifference.

In a ship there are about 8 to 10 European officers and about 60 to 80 Indian crew. The monthly cost of the officers is about Rs. 6000 and of the crew Rs. 2000. The wages of our seamen are scandalously low. The majority of them get less than Rs. 30 a month. The rates of payment in vessels plying in the coastal trade are still lower. The remuneration paid to an Indian seaman is less than a quarter of what is paid to a British seaman for a similar job. A lascar generally has two years of unemployment for every year of employment. His wages therefore work out at Rs. 10 a month.

No provision of housing exists for seamen (except for the Sailors' Home in Bombay accommodating 450

seamen at a time) and for their families. They crowd in hovels. Little provision for medical aid for them on or off the ships is available. A heavy toll is taken by tuberculosis, syphilis and other diseases.

There are not adequate legal provisions about the hours of work, holidays, leave, social insurance, conciliation of trade disputes, for the Indian seamen.

In recent years a section of the British public, the Labour Party in particular, has been demanding that Indian and other Asiatic seamen should not be employed on British ships, so as to relieve unemployment among British seamen. The low conditions prescribed by the Government of India for the lascars have resulted in debasing their status on all ships, British, Indian and foreign, and in rousing the antagonism of white seamen against them. (30)

Shipping companies and shipping lines reached their full development earliest in India. Half a century ago the British India Steam Navigation Company owned the largest number of steamers, with the greatest aggregate tonnage of any company in the world.*

The large size of the shipping companies reduced the number of competitors and facilitated formation of monopoly. The first shipping conference in the world was organised in 1875 to regulate Calcutta trade. The deferred rebate system was introduced first in India in 1877.

The large size of the companies, further, interlinked the conferences. "Each conference has its own area; and in certain cases where several trade routes intersect or adjoin one another, the various conferences have understanding or agreements with one another to respect each other's spheres of influence. This is especially evident in trade with India and Ceylon, which is in the hands of a group or family of conferences, related

* The British India with its 110 ships and over 665,000 tons is even to-day "the largest fleet in the world under its own company or house flag."

to one another, members of each of them being also members or part members of other conferences." (31)

Monopoly further increased the already high prifits. "The ordinary capital of the British India Steam Navigation Company is £9,57000 and from 1901 to 1925 the total profit which it made amouted to £51,71,000 approximately 22 per cent. per annum". (32).

"Ship-owning is a wealthy man's occupation". (33). Being a rich man's occupation it is easier to achieve in it a monopoly and to retain it. British shipping in India, because of its quicker growth and maturity, reached the stage to which world shipping arrived during or after the last war much earlier.

"The reason why there is no conference connected with the coasting trade of the United Kingdom is that this trade has to compete with land transport agencies, and the principal of these, the railways, in many instances, have steam services linking up their own rails or connecting with the Continent; the effect of this is to limit the rates that can be charged". (33). British railways have a considerable interest in the Coast Lines, Ltd. with its 99 ships of 110,000 tons. In India, as we have seen, there has been no such limiting condition. On the contrary, instead of competition, there has been active collaboration between the railways and the steamlines.

Shipping in the United Kingdom has also now reached the monopoly stage. An analysis of the companies listed in the **Fairplay**, 1940, shows that the controlling companies—Cunard, Ellermans, P. and O., Furness Withy, and the old aggregation of the Royal Mail Lines broken up into nominally independent groups of Royal Mail Lines Ltd. (in which Furness Withy hold a large proportion of shares), Elder Dempster Holdings, Lamport and Holt, and Union Castle—themselves closely linked by interlocking directorships, between them control, 6,500,000 tons of shipping. If from the total of 18 million tons we subtract 2 million as covering coastal trades, fishing and harbour vessels and 2 million more for oil tanker tonnage we find that nearly half the British ocean-going fleet is owned by a handful of companies.

Is there any wonder that British shipping should resist intrusion of Indian shipping on its monopoly in India? Sir James Simpson, in course of the debate on Mr. Haji's Bill in the Legislative Assembly, remarked: "How much better it would be for India if Indian politicians gave up their jealous attempts to supplant British effort and occupied themselves in straining every nerve to supplement it". Messrs. Mackinon Mackenzie & Company do not object "to the establishment of any industry provided there is an opening for it". And their contention is that there is no opening in shipping. Every move,

in circumstances where no supplementing is possible, appears as a threat of supplanting.

The British prize the monopoly so greatly that to preserve it, and to foil the efforts of Indian rivals, audacious moves have often been made. To cripple the growing power of the Scindia Steam Navigation Company in the Rangoon| India trade, Burma was separated from India. "When freight war was being carried on by the vested interests, I appealed to Sir Bhupendra Nath Mitra, the then High Commissioner for India in London, to use his influence with Lord Inchape and establish peace in our home-waters. Do you know, gentlemen, what reply Lord Inchcape gave on that occasion ? His lordship was pleased to advise Sir Bhupen: 'Tell your friend Walchand to come to me, see me and sue me for terms of peace after Burma is separated, but ask him to carry on if he can, till that is achieved'" (34).

The demands of British shipping and Indian shipping are not dissimilar, but because of the divergence in their interests, are incompatible. Indian shipping demands reservation of coastal trade, British shipping contests the demand because that hurts it. But it, in its turn, demands reservation of Indian coastal trade to imperial (i.e. British) shipping. It has been constantly urged, particularly by Lord Craigmyle, the ex-Chairman of the P. & O. Co., that India's commercial bargaining power should be used "to the

full' for improving the position of British shipping. Indian shipping objects to this, and claims the use of that power for its own expansion and advantage. In shipping at least, Kipling's famous line rings true.

The British interests refuse the demand of Indian shipping because they cannot make any distinction between Indian and imperial (British) shipping. The same mentality determined by similar causes can be found in the following extract from the evidence of Mr. S. N. Haji, of the Scindia Company, before the Indian Mercantile Marin Committee :

> Q—If you allow Indians to compete with the monopolists (British) will that give a fair chance to Burmans?
>
> A—I do not make any distinction between Indians and Burmans.

The contention of British shipping that it adequately serves India's needs is both true and false. If "adequately" is statically construed it is true, but if shipping is conceived as a dynamic instrument in the hands of an imaginative Government for developing our economy, it is patently false. It is also argued by the established lines that rate-cutting, etc., are not resorted to on racial grounds but as measures to keep off competitors and to preserve the position built up after years of hard work. There is an element of truth

in it. But competent observers also detect the shade with the light. Mr. David S. Erulkar in his brilliant evidence before the Mercantile Marine Committee answered :

> Q—I understand your company (Scindia Co.) is now well established on the coast?
>
> A—Yes, after a very serious freight-war in which they lost something like twenty lakhs of rupees.
>
> Q—If another British company came to the coast, would it have to fight as hard?
>
> A—No.

Other evidence given above fully supports Mr. Erulker's statement.

In shipping small units, existing on sufferance, have slight value. A new large unit cannot grow without eating into the preserves of the existing companies. That explains why in shipping, unlike other industries, Indians could not be admitted as junior partners. In other industries British and Indian interests have come to working arrangements. In almost every other industrial field Indians have been given some place—always, of course, a junior position. But in shipping the overtures of the Indian interests have been repeatedly rebuffed—both by the British shipping interests and by the Government. An Indian company's offer to build ships for war purposes

has been rejected off hand by the Government. In shipping, the British must maintain their monopoly position.

"There is much about shipping that necessitates an autocratic government .'. There can be but one head to a shipping undertaking". (33). When the one head was Lord Inchape the difficulties against which an Indian ship-owner had to steer his barge becomes obvious. He must be an exceptionally strong and resourceful man. He must succeed in mobilising behind his venture national sentiment and sympathy even to irrational limits *—because that would be his most powerful oar. Such men are Narottam Morarjee and Walchand Hirachand. Whatever else they may or they may not have achieved, it cannot be gainsaid that they have obtained, in ample measure, the goodwill and support of their country behind the claims of Indian shipping, which had the honour of being the only industry to be included among Mahatma Gandhi's Eleven Points epitomising India's National Demand in 1930. Sirdar Vallabhbhai's recent remark is equally pertinent: "I am frankly in love with the Scindia

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* Q. Whom do you refer to as foreign exploiters?
A. I refer to non-Indian companies.
Q. Why do you call them exploiters?
A. They are making money and carry it away to their homes.
Q. Anyone who is a non-Indian is an exploiter?
A. Yes.

——Evidence of Muhammad Ali Alvi of Buyers' and Shippers' Chamber, Karachi, before the M. M. Committee.

Company because it has demonstrated most successfully that such progress can be made under such conditions of slavery."

Such then is the significance of Indian shipping. It is the industrial focal point where the British and Indian interests come to a total clash. Britain will not yield an inch here and every little gain for Indian interests assumes the character of a national victory The **Capital,** in concluding its duel with Mr. S. N. Haji, rightly, pointed out: "The brutal truth is, that on such an issue, Argument is subordinate to Power. The Legislative Assembly may pass Mr. Haji's Bill... but it is highly improbable that this Bill will reach the Statute Book unless and until India attains Dominion Status". (35).

The future of Indian shipping, as perhaps of no other industry, is tied up with the political fortunes of India. It is not just accidental that Sj. Walchand should frequently accompany Sardar Vallabhai during his evening promenades along the Worli sea-face.

It is interesting to 'scatter' the conflict between the Scindia Company and the Bombay Steam Navigation Company into its composing colours. Here a British Company was compelled to sell out to an Indian company. The British company felt the weight of the offensive from the start. It tried to parry it off by emphasising

its Indian aspects—a majority of Indian shareholders, its Indian origin, its mixed directorate. But Sirdar Vallabhbhai, Chairman of the Congress Parliamentary Sub-Committee, then at the height of his power, threw his weight decisively in favour of the Scindia Company. He favoured Walchand, who fought British interests, as against Sir Purshottamdas, who collaborated with them. In shipping at least, for nationalist India, the middle of the road had no meaning.

X

"A country which relies upon the ships of its rivals accepts a permanent handicap, and India suffered and still suffers from such an unenviable position". (21). It is natural that India should applaud efforts that reduce, if not remove, this handicap. This is the secret of the great support rallied behind Mr. Haji's Bill.

Coastal trade could have been reserved for Indian vessels at an expenditure of Rs. 10 to 12 crores. Spread over a period of five years, as suggested by Mr. Haji's Bill, the money could have been obtained from the Indian market with the greatest ease. Freight charges generally work out at 10% of the cost of the cargo ; a substantial sum would thus have accrued to the nationals of the country. A State Line, properly worked, would give the Government a return, after paying all expenses including interest on capital, as Professor K. T. Shah has shown, of nearly Rs. 1,00,00,000 annually. Why then has the Government shirked the issue? Because shipping is the Empire's life line ; it must therefore remain, as

long as it can be managed, a British monopoly. (See Annex 1).

Today, reservation of coastal trade for Indian vessels is dependent on India achieving freedom. Coastal reservation is more than what can be realised under the Constitution (of 1935) and in the circumstances of today it is much less than what the needs of the country now demand. Coastal reservation will probably synchronise with the emancipation of Indian shipping. This is a fact of vital significance.

Shipping is an industry that has an ineluctable tendency towards monopoly. In the past ten years we have witnessed the working of this tendency in India. Of the following eleven shipping companies :

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* From 1840 to 1870, the opening of the Suez Canal, trade between India and Britain increased from £ 20 millions to £ 110 millions a year—thus greatly improving the prospects of shipping.

Shipping Companies also got large mail subsidies. The P. & O. Company, for instance, got £ 115,000 a year "to run between Calcutta, Madras, Ceylon and Suez."

The Bombay-Suez route was started by the East India Company in 1829 and a memorable contest was waged between the great "John Company" and the growing P. & O., for the control of that route, both inside the Parliament, of which representatives of both the companies were Members, and outside. It is pertinent to note that the P. & O. got the control of the route in 1852.

	Name of the Company	Tons	No. of Steamers
1	The Scindia S. N. Co.	98,812	23
2	The Bombay S. N. Co.	13,299	15
3	The Bengal Burma S. N. Co.	5,209	3
4	The Merchant S. N. Co.	4,474	4
5.	Cowashji Dinshah Bros.	3,672	5
6	The Eastern S. N. Co.	2,144	2
7	The Malabar S. N. Co.	1,633	3
8	The Indian Navigation & Co-operative Trading Co.	1,605	6
9	The Ratnagar S. N. Co.	590	1
10	The Hindustan S. N. Co.	310	1
11	The Haj Line	..	..
		131,748	63

the Scindia Steam Navigation Company has obtained, in the past few years, control and|or direction over|of 2, 3, 8 and 9; 11 is a subsidiary company. The Scindia group accounts for 119,515 tons and 48 steamers—91 per cent of Indian shipping.

That with coastal reservation or the emancipation of Indian shipping a number of competing shipping companies will grow up is a statement of an ideal position with little approximation to the possible reality, which will favour large units and the development of monopoly.

In stray, irrelevant moments Sjt. Walchand may be the **Ship Builder** of Winifred Holtby's fancy :

If all my ships put out to sea
And never come again to me,
And I should watch from day to day
The empty waste of waters grey—
Then I would fashion one ship more
Of broken drifit-wood from the shore,
And build it up with toil and pain
And send it out to sea again.
With this last ship upon the sea
I'd turn and laugh right merrily.

But his deliberate views, more business—like, are expressed in the following words : "I long for the day when I can take my countrymen in super Indian **Victorias** and in super Indian **Normandies** to all parts of the world". This is his vision of the future. To run such super ships, there must be a super P. & O. Co. †—and that is what our ship-owners are really aiming at and working for.

Our ship-owners are uncompromising nationalists. Perhaps they are so by inclination and deliberate choice. Perhaps they chose shipping because of their confident nationalism. It is also possible that the constant rebuffs from the Government and the rival British interests have steeled them into that mood. " We have not lost a single opportunity upto now of seeing the Secretaries of State, the Viceroys, the Commerce Members and all other authorities who can help

† The P. & O. Group now commands nearly £ 23,000,000 capital and debantures and a tonnage of some 2,000,000 tons.

us in furthering the cause of Indian shipping and we have always offered our earnest and active co-operation to all of them as well as to others in the solution of the problems connected with the building up of an effective merchant navy". (36). The outstretched hand of Indian shipping has been spurned more than once. Whether Indian shipping has achieved its keen national outlook because of the patriotism of its leaders or whether the leaders have retained that emotion because of the experience they have encountered is an interesting problem of industrial psychology.

The Scindia Company is branching out in many directions. It intends to own and operate ship-building yards, aeroplane factories, automobile plants. The articles of association are to be suitably amended—a clear pointer indeed. Monopoly, like lava, has an irrepressable tendency to expand.

If it is wise to support the claims of Indian shipping today, it is equally a part of that wisdom to plan for its control tomorrow.

Ship-building, under a national State, must be a state industry. It was so in our ancient times. "In the age of Maurayas ship-building in India a regular and flourishing industry, was, however, in the hands of the state and was a government monopoly, for, as Megasthenas informs us, while noticing the class of ship-builders among the artisans, they were salaried public servants

and were not permitted to work for any private person ". (37). So it must be again.

Shipping, also, cannot be left alone. Sjt. Walchand once remarked that he was no "live and let-livewalla ". Nor are we. Shipping, if it cannot be state owned, should be state directed. There should be a Central Transport Board that will co-ordinate and direct the various transport facilities—rail, river, sea and road—in the country. It is not possible to outline here the composition, powers and functions of the Board. It must fit into the frame-work of a democratic state. It must function in harmony with the larger plans of national economy. So far there has been little co-ordination, and whatever co-ordination has been achieved was to serve the British interests and not national economy. Railways have tried to destroy shipping, particularly Indian shipping. (38). Shipping companies have combined to exploit the traders.* Such conflict are inherent in an unregulated economy; they are however capable of being removed.

The interests of the maritime workers must be safeguarded and advanced. Today Indian shipping pays them no higher wages or offers them no better general treatment than its British conferers. We must, however, not forget the yeoman

* A leading rice merchant of Bombay has said : "Owing to the rebate system the Indian companies too have been spoiled. The British India, the Asiatic and the Scindia have all joined together and are crushing the traders ".

work Indian shipping has done in training up, against heavy odds, a nucleus of officers from our countrymen. The Indian National Steamship Owners' Association has published many an interesting brochure, but has not a line to spare for our seamen. In the historic debates on Mr. Haji's Bills, the seaman is conspicuously absent except for a mild "Hear, Hear" from Mr. N. M. Joshi punctuating a demagogic flourish of Sir Victor Sassoon.* The late Mr. B. F. Madon, a leading economist-businessman of Bombay, when asked: "Is it your complaint that the crews are low paid?" replied: "I never said that". This is typical of the prevalent mentality. It is assumed, as an **a priori** truth, that "the sons of seamen do not necessarily make good officers". That, officers have to be recruited from the gentleman-class is a prejudice that has to be shed. Every advance of Indian shipping must also ensure amelioration of the seamen.

The Odyssey of Indian shipping has no end. It traces its origin in the misty past, it stretches out beyond the horizon. We wish it **bon voyage.**

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* In February 1930, at a public meeting held in Calcutta, Mr. K. C. Roy Chowdhury, a trade unionist, is reported to have opposed the reservation of coastal trade to Indian ships as it was likely to adversely affect the position of Indian seamen on British ships.

It is interesting to note that British capitalists like Sir James Simpson and Sir Victor Sassoon evinced on this occasion great, and not uninterested, solicitude for Indian consumers, shippers and also the lascars.

ANNEX 1

Balances of Income and Expenditure in the Transactions (other than Lending and Repayment of Capital) Between the United Kingdom and all other Countries

Particulars	£(000, 000's)									
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
1. Excess of imports of merchandise, including silver coin and bullion..............................	381	386	408	287	263	294	261	345	442	377
2. Estimated excess of Govt. receipts from overseas over payments made overseas*	24	19	14	-24	- 2	7	- 2	- 3	- 4	- 13
3. **Estimated net national shipping income @ ......**	**130**	**105**	**80**	**70**	**65**	**70**	**70**	**85**	**130**	**100**
4. Estimated net income from oversea investments·	250	220	170	150	160	170	185	200	210	200
5. Estimated net receipts from commissions insurance. etc...	65	55	30	25	30	30	30	35	40	35
6. Estimated net receipts from other sources	15	15	10	15	10	10	10	**10**	10	—
Total, items 2-6...........	484	414	304	236	263	287	293	327	386	322
Estimated credit (+) or Debit (-) balance on account of goods, services and Government capital transactions	+103	+ 28	—104	— 51	+ 0	— 7	+32	— 18	— 56	— 55
Excess of exports (+) or imports (-) of gold%......	+ 15	— 5	+ 35	(— 15)	(- 196)	(- 133)	(- 70)	(- 228)	(—79)	+ 63
Estimated credit (+) or debit (-) balance on all items specified above..	+118	+ 23	— 69	(— 66)	(- 196)	(- 140)	(-38)	(- 246)	(- 135)	+ 8
New oversea capital issues on London market in year...£	94	109	46	29	38	43	21	26	32	25

* These include some items on loan account. Minus signs indicate net payments made overseas.

@ Including disbursements of foreign ships in British ports.

% In recent years, this item is not included in the account as shown by rhe Board of Trade Journal (cf. the explanatory notes)

£ This item, not being part of the balance as compiled, is not shown in the body of the table by the Board of Trade Journal. It is shown above for reference

ANNEX II.

THE SIGNIFICANCE OF MR. HAJI'S BILL

Mr. Haji's Bill for the reservation of the coastal trade to Indian ships was undoubtedly a revolutionary measure. It desired to replace British by Indian shipping in five (or ten years). It sought, as Sir James Simpson anticipating the language of the Indian Statutory (Simon) Commission pointed out, to **supplant** instead of **supplementing** the British efforts. It was a frontal attack on the British interests.

Indian industries have grown, sometimes sharing the expanding markets, sometimes encroaching on the rival interests, but none had ever dared to offer such a fight for ousting the British interests.

Indian shipping, with other industries, followed the well worn policy of adjustment and accommodation with the British interests. The Scindia Company has survived and grown through such successive agreements with the B.I.S.N. Co. The Scindia Co.'s tonnage has grown from 30,000 to 100,000 from 1923 to 1939 and the B.I.S.N. Co.'s tonnage, engaged on the Indian coast, has, in the same period, shrunk from 621,000 to 402,500.

British interests were prepared for further adjustments. Sir Victor Sassoon, whose family it will be remembered, built the first dry dock in Bombay, the Sassoon Dock, opened that perspective in his speech. He said: "License the coastal trade if you like. Ensure that the personnel shall be all Indian as soon as you can. Train your nationals. Lay down principles in your mail contracts that the Government support should go to ships owned by rupee companies. Place a surtax on all goods and passengers carried from one part to another in unlicensed ships and so give preference to your national lines. All this I will support but to a Bill like the one before you, unless, it is radically altered, I will offer the most strenuous resistance." It must be remembered that Sir Victor represented the Mill Owners' Association, Bombay, the only mixed—Indo-British-constituency in the country.

It was this repudiation of the methods of mutual accommodation and the demand for a wholesale transfer which Mr. Haji's Bill embodied that rallied behind it the enthusiastic support of the Indian people and also, simultaneously, evoked unyielding opposition from the British interests.

That shrewd 'Sea-dog', Lord Inchape, saw in it the thin end of the wedge that would doubtlessly be followed by "other measures to provide that tea gardens, coffee plantations, coal mines, cotton, jute and paper factories, stone quarries, inland steamers, and a hundred and one other industries, banks, insurance companies, newspapers established and carried on by British

capital, will have to be closed down. It will probably be followed by a Bill under which no clothing is to be worn unless made in Indian factories belonging to Indians." [Regarding the last point the noble lord was surely not unaware of the fact, that at one time such an Act did disfigure the Statute Book of Britain. Or perhaps he was unconsciously echoing the words of the royal governor of New York that people who could clothe themselves handsomely without the help of England, would soon begin to think of ruling themselves without her supervision.]

Why did Mr. Haji spurn the well-worn method of adjustments and pursue a path that aroused the stubborn resistance of the British vested interests?

The adjustment method offers only show progress. Shipping companies either perish or grow fast, they need ample living space. The B.I.S.N. group and the Scindia group stood face to face. There were no rival interests to stab Mr. Haji in the back with a Mody-Lees Pact. The contest was limited to two, the prize was glittering. It was, as it was never before, a precise alignment of India vs. Britain.

Mr. Haji's Bill was the most audacious move ever made by the Indian bourgeoisie. It sought expropriation, that great trait of the flowering of a colony into free country. It aimed at short-circuiting revolution. It was a premature move, out of stride with the strength of the Indian bourgeoisie. It frightened the British interests and they hurried to strengthen their dykes and

closed, in the Government of India Act (1935), even the apperture Sir Sassoon was opening.

Mr. Haji's Bill is the highest watermark set up by the strivings of our bourgeoisie. It is natural that it was reached in shipping, the focal point of Indo-British, imperio-capitalist, conflicts. Will the Indian bourgeoisie dare to essay that far, expropriation, again? The answer is heavy with destiny.

ANNEX III.

PROSPECTS FOR SMALL COMPANIES

An esteemed friend, himself engaged in shipping on a small way, after reading this manuscript remarked: "It will discourage small concerns."

That was a shrewd observation. The realities point in that direction.

Of the hundred Indian shipping companies that have foundered so far most were small ventures. The surviving small companies have either been annexed by the Scindia Company or exist at its—and of course the B.I.S.N.'s—sufferance.

Four small companies were saved from the rocks by the Scindia Co. not out of charity or sentimental nationalism but because, in the unambigous words of Walchand: "It has been our policy to assist Indian ventures that have suffered from rate wars and to keep them alive as far as possible and give them the benefit of our influence to end the war. Looking at the situation from this broad point of view, it is recognised that mergers, pools, quotas, and uniformity of management are some of the important means which have been employed in the world of shipping to bring about the

cessation of rate wars. It is apparent that uniformity of management, if obtained, would lead to permanent peace." Such is the method of achieving "permanent peace" in the shipping world. After all ships live in water, they must follow the **matsyanyaya?**

The Bengal Burma S. N. Co.'s shares had tumbled down from Rs. 25 to Rs. 2 when the Scindia Co. purchased 50,000 of them and saved the concern and gained its control.

Shipping is not for Little Man. It has powerful monopoly drive in it. Small Lines have no future tears cannot sweeten salty seas. Big Lines will stay. The question is British or Indian control, capitalist or state ownership.

ANNEX IV.

INDIAN SHIPPING'S DEMAND FOR JUSTICE

Protest Against Preferential Treatment to British Shipping Interests.

The following joint letter* has been addressed to the Hon. Dewan Bahadur Sir A. Ramaswami Mudaliar, Commerce Member Government of India, New Delhi by Indian Shipping Companies whose ships have been commandeered by the Government of India :—

As the question of compensation to be paid for the ships commandeered for the purpose of Local Naval Defence just after the outbreak of the war was not, in spite of continuous requests, settled even after a period of twelve months since they were commandeered, we submitted a representation to you on that subject on the 9th September, 1940.

We had also the pleasure of meeting the Hon. Mr. Prior at Bombay in November last. We were compelled, in view of the treatment that we were receiving, to tell the Honourable Mr. Prior frankly that if he was going

> "to brush aside all these important issues raised in our communications and merely propose to call

* Abridged.

forth our views on some principles which you yourself have evolved, we may respectfully point out to you that it would considerably save your time and trouble if you were to communicate the final orders of the Government on this matter without making a show of extending to us the courtsey of discussing the various issues that have arisen and seeking our co-operation in connection therewith in settling the problems connected with the commandeered ships."

It was, however, on the definite assurance given by the Hon. Mr. Prior that all that we had stated in our communications to the Vice-Admiral, to the Government of India and to your goodself would be taken fully into consideration and that due weight would be attached to them in the final determination of the problem of compensation that we discussed the matter further with him and have also submitted to him again from time to time informatin and statements on a variety of subjects connected with the working of our ships which we have been asked to send to him.

It is now over 18 months since our ships have been commandeered and it is now over four months since the issues connected with the question of compensation were discussed with the Hon. Mr. Prior. It is, therefore, a matter of deep regret that the important question of compensation has not yet been settled by the Government of India.

IMPORTANT OMISSION

In spite of this long and inexplicable delay, we took courage at the broad assurances given by you that the

Indian shipping industry would be treated in a benerous manner in connection with the final determination of the question of compensation and in view of the definite statement made by you on the 3rd instant—

> "that in arrivinp at a decision the peculiar circumstances on Indian shipping will not be overlooked"

we expected that the final decision will be such "as will not only not jeopardise our present position in any way but also enable us to receive additional strength and vigour to grow and expand at least in our own home waters in the future as the national shipping industry of India." We are, therefore, not a little pained and disappointed when we recently received a communication from the Government which called upon us to agree to their decision that the "compensation for the use of the ship will be assessed and paid in accordance with the provisions of the Defence of India Rules." Broadly speaking, it really means that the Government of India alone would be the judge of the basis on which such compensation is to be fixed. The shipping companies concerned will have no voice in the determination of this all important question affecting their present and future financial structure. We may, in this connection, be permitted to draw your very serious attention to the fact that although it is obligatory on the Government of India under sub-section (2) of Section 299 of the Government of India Act, 1935, either to lay down in the law the amount of the compensation that is to be paid in connection with the commandeered ships or to specify the principles on which such compensation should be

paid, neither of these conditions has been fulfilled in the enactment of the Defenre of India Act or in the Rules prescribed under that Act. In view of this most important omission in the Act vitally affecting the financial position of the Indian shipping companies concerned in this matter, we have no doubt you will appreciate the fact that we cannot agree and that we should not be expected to agree in advance—as we are asked by the letter received from the Government of India dated the 18th March 1941 to do—to an arrangement, the nature and terms of which we do not know and in the fixing of which neither shall we have any reasonable control nor shall we have any effective voice.

BRITISH SHIPOWNERS NOT SATISFIED

The discussions which were held on the subject of compensation during the visit of the Hon. Mr. Prior in November last showed that there was a widespread belief that the British shipowners were perfectly satisfied with the terms of compensation which were granted to them for their ships requisitioned by the British Government. The following categoricial statement made by Sir Philip Haldin, President of the Chamber of Shipping of the United Kingdom at the beginning of this year will make it clear how far those terms have fa .en short of the demands of the British shipowners in this matter. Sir Philip stated :

> "These negotiations were long, difficult and protracted, and the final agreement reached was, from the ship-owners' point of view, an unsatisfactory one. It was, in fact, only finalised as a mark of patriotic

> action, shipowners agreeing to hand over their vessels for the benefit of their country 'without either securing the all important principle of being adequately paid, or receiving a satisfactory allowance for depreciation to enable them to renew their fleets after the war.' It is true they received a vague promise from the Government of the day that their industry would be looked after at the end of the war but that was all."

This is how the feeling of British shipowners was expressed by the President of the Chamber of Shipping of the United Kingdom even after it was promised in the White Paper issued by His Majesty's Government that—

> "The necessity of maintaining the British Mercantile Marine in adequate strength and in a position of full competitive efficiency is recognised no less strongly by His Majesty's Government to-day. They will therefore keep this question constantly in mind as one with which it will be necessary to ask Parliament to deal in due course,"

and even after a further assurance was given by Mr. Ronald Cross, the British Minister of Shipping, of his

> "determination, so far as my period of office is concerned, never to allow the Merchant Navy to be neglected but to maintain in the condition in which it should be able to fulfil its functions both in peace and in war."

INCREASED COST OF SHIP-BUILDING

We shall now refer to one of the most vital aspects of the question of compensation which has been causing us serious anxiety. The cost of building ships, as you are aware, has gone up by nearly 100 per cent. since the war broke out and is still further going up. The capital required for the replacement of ships that may be lost or that may become old has, therefore, seriously exercised the mind even of the British shipowners in spite of their huge financial resources and the cheap loans and actual subsidies which they get from their own Government for the building of their ships. The problem of replacement, however, has been a matter of grave concerns to the small Indian mercantile marine and the absence of a Shipbuilding Yard in this country has only intensified the gravity of that problem. We have, therefore, all along urged that it is but fair and just that the Government of India should pay to us such an amount in the case of the loss of our ship as will enable us to get a similar ship rebuilt for our trade and should calculate depreciation on replacement cost in fixing the rate of hire to be paid for the ship. The Hon. Mr. Prior has, however, referred us again even in this vital matter to the provisions of the Defence of India Rules and left us to derive such barren consolation as we can from their unknown and unknowable implications. This is not the way in which the British shipping industry, we may be allowed to observe, has been treated by its own Government. It is true that the British Ministry of Shipping has not entertained the cost of replacement idea but they have assured that industry to

maintain it "in adequate strength and in a position of full competitive efficiency" after the war is over. We are asking for nothing which is unusual or nothing to which we are not entitled when we request the Government of India to pay to us the replacement value of the ship in case it is lost and to allow depreciation on replacement cost in fixing the rate of hire. Our demand is practically the same as the demand of the British shipowners in this matter as will be observed from what was stated by the leaders of the British shipping industry on this subject both before and after the terms of requistion were finally settled.

The President of the Chamber of Shipping giving expression to the common feeling of the British shipowners on this subject made the following observations at its annual meeting in February, 1940:—

> "I would therefore, once more appeal to the Ministry, before it is too late, to take a broad and statesmanlike view and enable the industry both to pay its way and to provide for future as it goes".
>
> "The problem of replacement of our tonnage is not, however, confined to war losses. Indeed, such losses may prove to be the smallest part of it. The real essence of the problem is to find means of building new ships for old as the latter wear out, of replacing ships lost by marine accidents, and obtaining fresh capital to increase our Mercantile Marine. If British shipping is to continue after the war, the industry must be put in a position to replace and add to its fleets, at whatever prices it may have to pay

> in order to maintain its services and to meet the continued competition of foreign flags".

Moreover, Lord Essendon in his speech at the Annual Meeting on the Resolution which dealt with the support of the British shipping industry to the Government of the day sounded the following note of warning:—

> "But it is essential that we shall be in a position to replace our ships and have reserves with which to meet foreign competition after the war. The cost of building has already increased to something like 50 per cent. during the last few months, and it is quite certain that there will be a further increase before the war is over. After the last war prices increased two or three times. Such depreciation as owners have been able to provide in respect of existing ships has been based on their original cost, but at the enhanced cost of replacement obviously these depreciation reserves will be hopelessly inadequate, 'and if we are not allowed to make earnings sufficient to provide fully for replacement—which involves also the question of employment—the ultimate decline of the Mercantile Marine is inevitable.'

FIRST PRINCIPLE OF SHIPPING FINANCE

Even after the terms of requisition were agreed by the British shipowners as a mark of patriotic action, the question of replacement of ships continued to give them the same anxiety as before. It continued to demand that it should either be paid a depreciation allowance based

not on the prime cost of the vessel, but on its probable replacement cost or the Ministry of Shipping should set apart for them in addition to the payment of the hire a small percentage on the capital cost of the ship requisitioned by them.In its issue of the 25th September 1940, the "SHIPPING WORLD" remarked:

> "The first principle of shipping finance is to set aside out of current profits depreciation funds. If that is not done, the ships wear out, no further assets remain and the business peters out. Even if the Treasury, in all unfairness insists on bagging the surplus profits gained by the Government's excursion into the intricate business of shipping, at least it should apare the equivalent of a depreciation allowance based not on first cost but on probable replacement costs."

The feeling which this question had aroused grew bitter in course of time and even Sir Philip Halddin, the President of the Chamber of Shipping, was constrained to give expression to that feeling at the annual meeting of the Court Line in the following unusually strong words:—

> "And now let us go a step further, the Government promise they will help us with replacement; does that mean they will lend us money from the profits they are now making from the use of our vessels and will they for that accommodation require mortgages or other forms of security for their loans? To all these disturbing questions I do not know the answers, but I would ask this, are we to be kept in

a state of eternal bondage because of the invaluable services we have been able to render to the State? Until we know the real intentions of the Government in regard to these very difficult problems, 'uneasy will lie the head of every shipowner upon his pillow'."

DEMAND FOR BARE JUSTICE

If these are the sentiments of the President of the Chamber of Shipping of the United Kingdom for the future of the British shipping industry in spite of its huge resources and in spite of the prospects which it has before it of the financial assistance from its own Government, is not the struggling Indian shipping industry asking for mere bare justice from the Government of India when it requests them to pay to the industry the replacement cost of the vessel in case that vessel is lost and to calculate depreciation on the replacement cost in fixing the rate of hire to be paid for the requisitioned ship. May we, therefore, appeal to the spirit of fairplay and justice of everyone in the Commerce Department who has got the power to shape the destiny of national shipping industry to sympathise with the present helpless position of that industry which has no prospect of any help from its own Government and which has, unlike the British shipping industry, not even a single pillow on which it can lay its "uneasy head" and to do its utmost to grant it its just demand instead of compelling it to mortgage away its future fortunes on the mysterious and inexplicable implications of the provisions of the Defence of India Rules?

PREFERENTIAL TREATMENT TO BRITISH SHIPPING

Far-reaching as will be the effect on the Indian shipping industry of the decision that you may be pleased to take on the issues raised above in the final determination of the terms of compensation to be paid for these requisitioned ships, we are constrained to remark that the manner in which the representative of the British Ministry of Shipping is allowed to help the vested British shipping interests to retain their dominant position in India's coastal trade and to enable them to capture other fields in that trade at the cost of the national shipping industry has brought fresh worries and new anxieties to Indian shipowners in their unequal struggle to retain even their existing position in their own home waters. Almost all our ships have been taken away for the purpose of the defence of our coasts. The trades which we have built up and the services which we have been maintaining have therefore been seriously disorganised. We have done our utmost to charter such steamers as were available even at uneconomic rates to maintain our contact with the trades we have built up, and give them such skeleton services as it was possible to give under the circumstances created by the policy of requisition. It is, however, the tragedy of the national shipping industry in this country that while the representative of the British Ministry of Shipping is allowed to give steamers after steamers to the British Lines and thus make money for His Majesty's Government and help British shipping interests in maintaining

their hold in India's maritime trades, not only do the Government of India not give the Indian shipping interests even a single steamer to help them to serve the trades from which almost all their steamers have been taken away by them for the purpose of defence, but they also do not prevent the representative of the British Ministry of Shipping from taking away the ships chartered at considerable cost and sacrifice by these national interests for helping the trades that they have built up but even compel the Indian shipowners, under the plea of emergency, to hand over to the same representative of the British Ministry of Shipping Indian ships on the Indian Register over which that representative can have no control. Such a policy can only drive us to desperation and we may be pardoned for telling you frankly that it will only deepen the widespread and bitter feeling in this country that it is the British shipping interests in times of peace and the British shipping interests in times of war that seems to be the first concern of the Government of India even at the cost and sacrifice of the national shipping interests of the land.

May we therefore respectfully appeal to you, in all earnestness and in all humility, as the Indian Commerce Member to whom we are indebted for the assurance that "by Indian Mercantile Marine Government mean all merchant shipping owned and controlled by Indian nationals" to be pleased to utilise the great influence of your high office for advancing the cause of national shipping and not only to take immediate steps for setting the terms of compensation to be paid for the

requisitioned ships in such a manner, after giving your most serious consideration to all the important issues raised by us in this as well as in the previous communications, as will fully safeguard the present and the future position of national shipping in India's maritime trades but also to lay down such a policy and evolve such a national plan as may make it clear to all that the interests of national shipping alone will be the first concern of the Government of India in times of peace as well as in times of war, and that it will be the duty and the responsibility of the Government of India to so strengthen that national shipping that it will be able not only to meet the growing requirements of India in all directions but also become a tower of strength in the future to all countries friendly to India for their common safety and mutual defence.

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